



COP Guidance GCF – Grupo SUR

In the pursuit of our common objectives enshrined in the UNFCCC and its Paris Agreement, the Financial Mechanism remains central to supporting climate action in developing countries. The Financial Mechanism of the UNFCCC is, according to its Article 11, “entrusted to one or more existing international entities” and “shall function under the guidance of and be accountable to the Conference of the Parties”.

Based on the aforementioned, Grupo SUR understands that the guidance to the operating entities of the Convention and its Paris Agreement, such as the GCF, should assess the viability of implementing all COP/CMA decisions that refer to them. In other words, we suggest that all COP/CMA decisions that refer to the operating entities must inform the negotiations related to COP Guidance. The latter would continue to hold the responsibility of evaluating the feasibility of transmitting COP/CMA decisions as guidance to the operating entities, but without neglecting any formal decision related to operating entities. We believe that this procedure could not only avoid potential disagreements related to different interpretations of Article 11, but also provide more effectiveness to COP/CMA decisions, and ultimately contribute to enhancing the implementation of the UNFCCC and its Paris Agreement.

With a view to implement these legal agreements more consistently, it is also essential to improve the conditions for operating entities to fully fulfill their mandate. To address the rising financial needs for climate action in the developing world, we urge developed countries to meet their legal obligations and to provide adequate, predictable, and accessible grant-based and concessional finance to developing countries. We recall the decision on the New Collective Quantified Goal (NCQG), including the target “to at least triple annual outflows from those Funds from 2022 levels by 2030 at the latest”, which should be a priority for this year’s guidance to the Financial Mechanism. This entails securing timely and ambitious replenishment cycles for the operating entities with multi-year pledges from contributing countries, including GCF-3 replenishment to be launched in 2026. In this sense, while we support the “50 by 30” vision for GCF, as outlined by its current Executive Director, which aims to enable the Fund to manage USD 50 billion by 2030, we note that this amount should be treated as a floor, in the context of paragraph 16 of the NCQG decision. We also underscore the importance that efforts to expand GCF’s financial sources should not imply diluting the financial commitments of contributing countries.

The regular and adequate provision of public finance to the operating entities is irreplaceable for enabling them to allocate grants and highly concessional loans to underfunded climate activities, such as those related to the adaptation of vulnerable communities in developing countries. It comes as no surprise that the aforementioned structural disconnection between the guidance provided by COP and CMA decisions and the operational rulings of the Boards undermines particularly adaptation action. Funds are often responsible for channeling the only viable sources of adaptation finance for developing countries, especially in contexts where private investment is not forthcoming.

While efforts to raise the level of adaptation finance have been made, the 2024 Adaptation Gap Report underscores the urgency of the issue: adaptation finance needs for developing countries are estimated at USD 215–387 billion annually by 2030. The widening finance gap is not merely a statistic; it is a signal that the current system is not delivering at the



scale and speed required. Paragraph 35 of decision 2/CMA.5 calls for regular updates from the GEF and the GCF on their support for the implementation of the UAE Framework for Global Climate Resilience. Given the limited fiscal space and macroeconomic constraints currently faced by developing countries, as well as the ongoing difficulties for private sector financing on adaptation, there remains a crucial role to be played by grant-based and concessional funding, as reaffirmed in paragraph 27 of the same decision. Taking into account that mitigation efforts are frequently more easily financed through market-based solutions, Grupo SUR recommends GCF to direct no less than 50% of its resources to adaptation. We also recommend GCF to highlight in its annual reports the percentage of its financial flows that benefit indigenous people and local communities.

As many developing countries continue to face serious barriers to accessing climate finance, including procedural delays and excessive complexity in the approval of disbursements, the operating entities should simplify and streamline their accreditation and funding proposal processes. Against this backdrop, we welcome GCF's accreditation reform that its Board has recently approved. We expect that the implementation of such reform will accelerate disbursements and increase the share of funding flowing through direct access entities and locally-led institutions. Moreover, the operationalization of GCF's new accreditation framework should also take into account the need to enhance complementarity and coherence with other climate funds, namely the GEF, the Adaptation Fund, and the Fund for Responding to Loss and Damage, aiming at improving efficiency, avoiding duplication, and maximizing impact.

GCF's commitment to the core principle of country-ownership should also be reinforced. The financial resources of the GCF should be coherently channeled in alignment with the national priorities established in climate public policies, such as country-platforms, Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), as appropriate. GCF's Secretariat should strengthen collaboration with national designated authorities and national focal points to support successful country-driven partnerships. To this aim, we welcome the Board decision to establish a GCF regional presence, and we look forward to the completion of the process for selecting host countries of regional offices and an outpost by the end of 2025.

In line with the same principle of country-ownership, it is also important that the GCF establishes mechanisms to ensure that countries are duly notified whenever a funding proposal undergoes substantial modifications between the issuance of the no-objection letter and the final version submitted to the Board. Moreover, country-ownership would be further strengthened by guaranteeing the prerogative of a country to withdraw a no-objection letter prior to the Board's deliberation, if the final version of a funding proposal no longer aligns with its national priorities.

As the international community looks forward to implementing the NCQG, bold reforms within the operating entities and renewed political commitment to support the UNFCCC Financial Mechanism are needed to ensure that climate finance reaches those who need it most, leaving no one behind.