Financing climate action: iGST discussion series

Accessing UNFCCC-linked multilateral climate funds

Lived experiences

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About the independent Global Stocktake and the Finance Working Group

The **Independent Global Stocktake** (iGST) is a consortium of civil society actors working together to support the Global Stocktake (GST), the formal process established under the Paris Agreement to periodically take stock of collective progress toward its long-term goals.

The iGST aligns the independent community – from modellers and analysts to campaigners and advocates – so we can push together for a robust GST that empowers countries to take greater climate action.

The **Finance Working Group** (FWG) of the iGST is an open partnership bringing together a range of expert perspectives from the global north and south on the progress made towards financing climate action. It is co-chaired by Charlene Watson of ODI and Raju Pandit Chhetri of Prakriti Resources Centre. The FWG aims to support the official GST process and is organised around two complementary themes: the provision of support to developing countries to mitigate and adapt to climate change and the consistency of finance flows with low-emission, climate-resilient development, as outlined in Article 2.1c of the Paris Agreement.

For more information, visit www.independentgst.org

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+ Executive summary

Under the United Nations Framework Convention on Climate Change (UNFCCC), developed countries have committed to mobilise jointly $100 billion per year, from 2020, to support developing countries to meet their climate change commitments (UNFCCC, 2010). Thus far, they have failed to meet this commitment (OECD, 2022), and this quantitative target remains a key issue for climate justice and equity. But equity in finance themes under the UNFCCC go far beyond a purely quantitative target (Pettinotti et al., 2022). Developing countries still face challenges in efficiently accessing international climate finance. And these challenges persist despite efforts by multilateral climate funds of the UNFCCC Financial Mechanism[1] – also serving the Paris Agreement – and climate finance providers to simplify access for small-scale, national entities. Enabling simplified and effective access to the multilateral climate funds of the climate finance architecture for developing countries therefore remains a longstanding point of discussion on the international climate change agenda.

The UNFCCC-linked multilateral climate funds play a quantitatively small but very important role in financing action in developing countries. Finance provided under this component of the climate finance architecture is intended to be transformational – catalysing climate investment by stimulating markets, fostering innovation and reducing risk, while also able to contribute to capacity, institution-building and policy frameworks. The UNFCCC-linked funds also have a signalling role, and offer the potential to address gaps in the overall climate finance architecture. Hence, scrutiny of access to these multilateral funds is central to debates on climate finance access.

This paper lifts up the lived experiences of 10 expert climate finance practitioners situated in the Pacific, Latin America, Caribbean, South East Asia and Africa regions. It documents their perceptions of equity in accessing climate finance through the UNFCCC-linked funds, and other insights, in order to inform the first Global Stocktake (GST) of the Paris Agreement, to be completed at the end of 2023. The GST will assess collective progress, in light of equity, towards the Agreement's purpose and long-term goals. Understanding and taking into consideration practitioners' perspectives are important to increase trust and lesson learning and ultimately to enable greater climate ambition.

Practitioner perspectives on accessing the multilateral funds of the UNFCCC

Seven perceptions emerged from expert climate finance practitioners' experiences with accessing UNFCCC-linked multilateral climate change funds:

[1] The UNFCCC established the Financial Mechanism to provide financial resources to developing country Parties. It is accountable to the Conference of the Parties, that decides on its policies, programme priorities and eligibility for funding. In addition to operating entities under the Financial Mechanism, including the Global Environment Facility and Green Climate Fund, Parties have established special funds which are the Adaptation Fund under the Kyoto Protocol, the Special Climate Change Fund and the Least Developed Countries Fund. This paper's references to UNFCCC-linked funds relate to the five multilateral funds mentioned here.

- Practitioners are concerned about the overall lack of finance commensurate with the climate needs of developing countries. Many perceive that the political will in developed countries to prioritise such support for developing countries is lacking.
- When it comes to adaptation projects, the process of designing and submitting proposals is lengthy and difficult, even when information is limited and lives are at stake. Many practitioners perceive a preference for large-scale mitigation measures over adaptation, as well as an inappropriate focus on justifying an intervention as ‘real adaptation’ and a pursuit of returns on investment, which are not always achievable in the case of adaptation interventions.
- Practitioners perceive unfair competition for limited resources between Accredited Entities (AEs), with smaller institutions such as Direct Access Entities (DAEs)[2] in direct and unfair competition with big institutions such as International Accredited Entities (IAEs)[3]. In addition to this, many practitioners perceive that climate finance flowing to DAEs goes predominantly to those that are, on paper, well capacitated to deal with lengthy requirements and limited absorption capacities to implement projects on the ground. This leaves many small, vulnerable countries with limited capacities at risk of losing out.
- Scrutiny of smaller, lower-risk, projects is greater than is the case for larger projects. Practitioners suggest that risk appetite is higher in considering large-scale, financially intermediated, projects; the same willingness to take risks is not in evidence for many small-scale projects and programmes.
- DAEs, which often have very specific expertise and/or capacities, respond to just a fraction of developing countries’ needs, with other needs going unmet. This makes practitioners feel they have to choose between priority climate actions and needs in a country.
- Practitioners worry that climate finance is creating unsustainable debt in developing countries. This raises concerns about countries’ or institutions’ ability to respond to emergencies. Practitioners feel that debt and the costs of climate responses are worsening the chances of economic recovery.
- There is little clarity on whether financial support will be made available for loss and damage needs under the UNFCCC.

Opportunities to increase equity in access to climate finance in UNFCCC-linked funds

Good practices in the provision of and access to climate finance from UNFCCC-linked funds do exist, pioneered especially by the Adaptation Fund (AF), the Green Climate Fund (GCF) and the Global Environment Facility (GEF). Practitioners highlighted the role of **climate finance readiness programmes** – supporting countries to plan for, access, deliver and monitor climate finance – in building the institutional capacity settings necessary for developing countries to put in place and strengthen clear climate finance architecture at the national level. Practitioners also pointed to the role of **DAEs** in fostering

[2] Sub-national, national or regional organisations nominated by developing country institutions.
[3] Can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions.

country ownership in climate change project design and implementation. They feel that DAEs allow countries to channel climate financing directly and, given their familiarity with local context, that they may be better suited to respond to countries' climate needs.

Discussions with expert climate finance practitioners highlighted four opportunities whereby equity and justice in access to climate finance could be enhanced:

- **Further harmonise requirements to access UNFCCC-linked funds** so that countries do not need to design strategies to respond to different demands and standards, but can build on and expand initiatives in place and under adoption, such as fast-track accreditation, peer-to-peer modalities and communities of practice
- **Continue to make rules proportional,** including by developing differentiated approaches to project size, risk categorisation for Environmental and Social Safeguards and AE capacities
- **Double down on long-term, iterative support for institutional capacity-building** so that funds can become more iterative and responsive to national institutional needs while building long-lasting enabling conditions and national climate finance architecture in which multiple sectors, stakeholders and levels of government interact and intervene
- **Clarify what constitutes climate finance** for project development/evaluation, to provide practitioners with a common understanding of what climate finance is, what can be accounted for as such, what is mobilised in its name and what sort of support can be given, including by the UNFCCC-linked multilateral climate funds.

Relationship to the Global Stocktake

This paper shows that, despite ongoing efforts by multilateral climate funds within the UNFCCC to improve and simplify access to climate finance, in the experience of many practitioners, the system does not yet feel equitable or just. Within the context of the UNFCCC, the GST provides an opportunity to reflect on critical elements of how the Paris Agreement architecture is unfolding, including access to climate finance.

The first GST is taking place in parallel with technical discussions on a New Collective Quantified Goal on climate finance, to supersede the current climate finance goal from 2025 onwards; these discussions can also benefit from such a deep dive on climate finance access topics.

Based on the perceptions presented in this paper, the GST process could be used to deepen understanding of climate finance access to the UNFCCC-linked funds in three particular areas:

- **Fit-for-purpose climate finance provision:** The GST should recognise the efforts that the UNFCCC-linked climate funds are making but can also be used to highlight additional measures that could be implemented to expand simplified access and approval processes, especially for accelerating adaptation financing.

- **Technical capacities required for project development and implementation:** The GST should look at climate finance access not just as a numerical target but also as an ensemble of different institutions, stakeholders and processes needed to design and implement climate projects in line with national priorities and needs.
- **Increased focus on the overall outcomes and lasting impacts of climate finance:** The GST and the surrounding political and technical conversation can be harnessed to ensure that climate finance access is enabling effective mitigation and adaptation, crucial to the ultimate achievement of the Paris Agreement goals and the UNFCCC objectives.

This paper shows that access barriers will not be addressed by focusing only on quantities of climate finance: the perceptions of fairness and equity that practitioners have are builders or breakers of trust in the Financial Mechanism and linked multilateral funds of the UNFCCC. While the GST is just one process under which to advance access to climate finance, it is an important one that can lay the groundwork for the assessment of key areas of climate finance access into the future.

About this paper

Equity is enshrined as a cross-cutting issue in the GST. Yet there is no clarity on its implementation. The COVID-19 pandemic has starkly illustrated deep inequities and inequalities between races, castes, creeds, genders, classes, countries and regions around the world, manifesting in issues related to access to social protection, work, debt relief, health care (including vaccinations) and abilities to invest in a green recovery. The Finance Working Group (FWG) of the independent Global Stocktake (iGST) aims to deep dive into what equity and justice mean for climate finance and financing climate action – a nebulous and often politically inconvenient topic. This pursuit of equity is critical to the legitimacy of the GST and subsequently climate ambition in the Paris Agreement's ratcheting mechanism.

This paper is one of three exploring how a set of practitioners perceive equity and justice in the current climate finance system. In 2022, the FWG gathered framing perspectives on equity and justice in finance themes through interviews and stakeholder identification. The first paper, 'Surfacing perceptions of equity in finance themes of the Global Stocktake' found agreement among practitioners that the current climate finance system is an illustration of unfairness and inequity. This second paper expands this work by deep diving into a question raised by this initial research on how the GST can assess whether modalities of access are equitable and fair in light of the many different perceptions of inequity, injustice and unfairness. A third paper in this series will explore the lack of integration of equity in conversations that outline the need for all finance flows to be climate-consistent.

These papers complement the iGST FWG Discussion Series of papers addressing key finance topics in the UNFCCC of relevance to the GST.

+ 1. Introduction

Achieving a well-functioning climate finance architecture, which facilitates access to and delivery of climate finance to recipient countries, is a longstanding point of discussion on the international climate change agenda. This debate encompasses mobilising the necessary scale of resources to achieve the United Nations Framework Convention on Climate Change's (UNFCCC's) objective, making and meeting financial commitments on both provision and mobilisation and determining who is prioritised for finance, how fast and at what cost it is delivered. The reality is that many developing countries, in particular the most climate-vulnerable, are depending on international financial support to meet their climate change commitments as reflected in their conditional Nationally Determined Contributions (NDCs).

The operating entities of the Financial Mechanism of the UNFCCC and other special multilateral climate funds can be considered just one expression of the pursuit of equity in the UNFCCC. It is rooted in the principle of Common But Differentiated Responsibilities (CBDR), which states that:

> 'Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof' (UNFCCC, 1994).

The 2015 Paris Agreement reinforces the CBDR principle and the respective capabilities of country Parties, while further referring to human rights, gender equity and intergenerational equity in its preamble (UNFCCC, 2015). CBDR is operationalised by differentiating the obligations of Parties, including those that need to mobilise and those that are eligible to receive climate finance.

Within the context of the UNFCCC, developed countries have made a climate finance commitment to mobilise jointly $100 billion per year, by 2020, to support developing countries to meet their climate change commitments (UNFCCC, 2010).[4,5] A small portion of climate finance that can be considered to contribute towards this commitment flows through UNFCCC-linked multilateral climate funds. The UNFCCC established the

[4] **Annex I** Parties include the industrialised countries that were members of the Organisation for Economic Co-operation and Development (OECD) in 1992, and countries with economies in transition (EIT Parties), including the Russian Federation, the Baltic States and several Central and Eastern European States. **Annex II** Parties consist of the OECD members of Annex I but not the EIT Parties. They are required to provide financial resources to enable developing countries to tackle climate change. Funding provided by Annex II Parties is channelled mostly through the Convention's Financial Mechanism. **Non-Annex I** Parties are mostly developing countries.

[5] The 2009 Copenhagen Accord notes that, 'In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance' (UNFCCC, 2010).

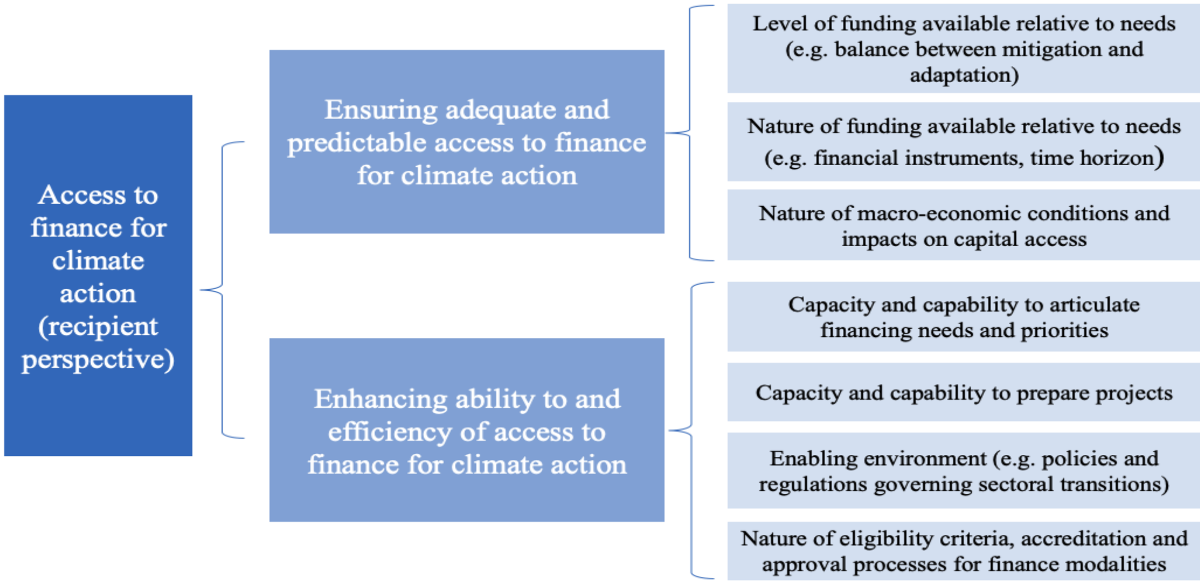
Financial Mechanism, accountable to the Conference of the Parties, to provide financial resources to provide funds to developing country Parties. In addition to operating entities under the Financial Mechanism, including the Global Environment Facility (GEF) and Green Climate Fund (GCF), Parties have established special funds which are the Adaptation Fund under the Kyoto Protocol, the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF). This paper refers to ‘UNFCCC-linked funds’ to indicate these five multilateral funds. The target level of $100 billion a year by 2020 in climate finance jointly mobilised and provided by developed countries for climate action in developing countries has yet to be realised, and there is no certainty on when it will be delivered (OECD, 2022). The Glasgow Climate Pact adopted during the 26th Conference of the Parties (COP26) acknowledges this shortcoming,[6] which has become a major issue undermining trust in the climate process and a key litmus test for climate justice and equity in the negotiations.

Understanding equity in the context of climate finance under the UNFCCC goes far beyond a quantitative target. The UNFCCC states that ‘all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development’ (UNGA, 1994), and that those financial entities serving the UNFCCC ‘shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States’ (UNFCCC, 2015). Equity in climate finance therefore calls for a better understanding of what is equitable in mobilisation, provision and access: how much should there be, given by whom to whom, how and on what conditions? (Pettinotti et al., 2022).

While access to climate finance can appear simple on paper (Figure 1), experience suggests otherwise. The current architecture of climate finance is perceived as complex and as exhibiting many examples of inequity and unfairness (Pettinotti et al., 2022). For many developing countries, barriers to accessing climate finance are related to limited resources or capacities to address often complex and fund-specific requirements and substantial bureaucracy (Argueta et al., 2021); (UN, 2022). Others have noted that little climate finance is reaching local communities and the high costs associated with project inception and development (Amerasinghe et al., 2017). The issue of whether allocated resources are sufficient to address the most prominent needs of recipients and whether the resources are provided as appropriate financial instruments is also crucial (ibid.).

[6] The COP 26 decision text, in section V, paragraph 26, ‘notes with deep regret that the goal of developed country Parties to mobilize jointly USD 100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation has not yet been met, and welcomes the increased pledges made by many developed country Parties and the Climate Finance Delivery Plan: Meeting the US$100 Billion Goal and the collective actions contained therein’ (UNFCCC, 2021a).

Figure 1. Exemplary elements that define access to finance



Source: Based on CFAS (2021) and UNFCCC (forthcoming)

Within the UNFCCC framework, the Paris Agreement requires a collective assessment of progress towards its purpose and long-term goals every five years. This assessment is called the Global Stocktake (GST). The first GST, initiated at COP26, will conclude at the end of 2023. It will need to take stock of collective progress in light of equity, looking at elements of mitigation and adaptation and means of implementation and support, in which climate finance is a key component (Watson and Roberts, 2020). Although it is not yet clear how the GST process will progress equity in climate finance themes (Pettinotti et al., 2022), it will likely need to deep dive into the existing barriers facing developing countries. By doing so, it could, in its technical assessment and ideally in its political phase, put forward concrete steps for solving climate finance access challenges over the period between the first GST ending and the second beginning. In part, this could be enabled during the discussions at the GST's upcoming Technical Dialogues, which will constitute 'a focused exchange of views, information and ideas in in-session roundtables, workshops or other activities' and for which the co-chairs have signalled a move from the conceptual to the concrete, from the 'what' to the 'how' (GST, 2022a).

This Working Paper presents the experiences of 10 expert climate finance practitioners from the Pacific, Latin America, Caribbean, South East Asia and Africa regions with experience both in climate finance negotiations and in representing entities accessing climate finance.[7] It captures engagement with accredited entities, institutions and partners of the UNFCCC, including the GCF, the AF and the GEF. The paper provides a brief overview of the existing UNFCCC climate finance architecture (Section 2) before presenting experiences and subsequent perceptions of equity in the practice of accessing

[7] Some of the experts interviewed wished to remain anonymous. These were representatives of national and regional entities accredited to the GCF, the AF and the GEF, government and civil society representatives and UNFCCC climate finance experts.

climate finance (Section 3). It goes on to consider good practice and opportunities in facilitating climate finance access (Section 4). Section 5 concludes by highlighting remaining access to finance issues for the GST process to deep dive into during its upcoming dialogues.

This paper is a deep dive into how to enhance the ability to access finance for climate action from the UNFCCC-linked funds and the efficiency of the process. As such, it does not go further into other important issues of equity in accessing climate finance that also deserve attention. These issues include adequate and predictable funding from providers and their fair share; the fair allocation of climate resources between climate-vulnerable developing countries, covering both prioritisation of least developed countries (LDCs) and small island developing states (SIDS) and countries' eligibility for various finance sources, channels and modalities; access to wider capital markets and private sector capital; and access to climate finance within countries and its equitable or just distribution sub-nationally, or between sub-groups of society.

+ 2. The climate finance architecture: framing the challenge

The global climate finance architecture is complex and in constant evolution. Many factors influence decisions on capital allocation, not least because actors are diverse, from consumers, small and medium-sized businesses, large non-financial companies and financial institutions all the way through to financial regulators. These actors respond to multiple pressures (laws, price incentives and social norms, for example). As such, the climate finance architecture is embedded in the global financial system, and rules governing access to capital and the cost of this capital.

Although the multilateral climate funds of the UNFCCC remain quantitatively small, they remain a very important part of the climate finance architecture because:

- They often provide highly concessional finance that can be used in support of capacity- and institution-building, research and the breaking-down of real and perceived investment risks.
- Access to the multilateral funds under the UNFCCC is not dependent on broader eligibility criteria – such as income level – as might be the case for bilateral, multilateral or other official development assistance.
- They provide signals to the wider climate finance architecture, such as on gaps, and/or create opportunities for further investment. As such, decisions made in the multilateral climate funds of the UNFCCC can stimulate the shifts in investments that other finance institutions need to drive a broader economic and societal transformation to tackle climate impacts (Amerasinghe et al., 2017).
- Their levels of accountability and transparency of climate finance flows (both received and disbursed) are higher than bilateral and other multilateral flows and therefore allow for learning to improve governance, process and programming (UNFCCC, forthcoming).

International climate finance generally flows from developed to developing countries through multilateral and bilateral channels, and also through regional and national climate change channels (Watson et al., 2022).

The UNFCCC-linked funds include three main institutions: the GEF, the AF and the GCF.[8] The GEF and GCF are the operating entities of the Financial Mechanism of the UNFCCC and the Paris Agreement. The AF, set up under the Kyoto Protocol, now also serves the Paris Agreement. The GEF serves other environmental conventions in addition to the UNFCCC. It also provides climate finance under its climate change focal area, in addition

[8] More on the funds and their access requirements can be found at www.climatefundsupdate.org/the-funds/

to operating a Special Trust Fund for adaptation-focused interventions of the LDCF and the SCCF.[9] The Paris Agreement seeks that:

> 'The institutions serving this Agreement … shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries and small island developing States' (UNFCCC, 2015).

Developing countries are able to access financial support from the funds when institutions create formal links to each of them, to carry out a range of activities that usually include the development of funding proposals and the management and monitoring of projects and programmes (GCF, 2021). In the case of the GCF, these are called Accredited Entities (AEs), which can be international, regional, national and sub-national International and Direct Access Entities (IAEs and DAEs) from both the public and the private sector and can include non-governmental organisations (NGOs). The AF has Accredited Institutions, which are national, regional and multilateral (the AF does not accredit private sector institutions). The GEF has Partner Agencies, which are international, regional and national (the GEF does not have private partner agencies, though it does work to engage the private sector) (for details see Annex 2). The remainder of this paper brings accredited entities, institutions and partner agencies under the term AEs (and IAEs and DAEs).

To receive access to climate finance, developing countries must elaborate a climate change project/programme proposal on mitigation or adaptation, or with a cross-cutting focus, together with their entity of choice. The entity submits the proposal to the fund and, after an evaluation process, the fund's board decides whether or not to finance the project or programme. At the national level, for each funding institution a country-specific liaison is also established, responsible for validating that the proposal aligns with national climate priorities embedded in national climate policy frameworks.

The UNFCCC-linked multilateral funds have different and specific operational models (for details see Annex 2). A number of these relate to equity in access to climate finance, though this paper does not cover all of them:

- The institutions seek balanced representation in their decision-making bodies.
- The multilateral climate funds vary in thematic focus. The GCF funds both mitigation and adaptation, whereas the GEF is primarily mitigation-focused and the AF, LDCF and SCCF are focused on adaptation.
- The funds have variable allocation frameworks to define how finance should be distributed. The GEF climate change focal area, for example, has a predetermined allocation by country, whereas other funds rely on their own strategic priorities. Only LDCs are eligible for the LDCF of the GEF.
- Each fund has safeguards for environmental and social risks, gender plans and policies and plans for indigenous peoples, which are not further analysed here.

[9] The LDCF and the SCCF were established in 2001 (at COP7) to meet the adaptation needs of developing countries. Both are administered as specialised trust funds of the GEF. For more, see www.climatefundsupdate.org/the-funds/

+ 3. Perspectives from lived experience

Interviews were held with expert practitioners in climate finance from regions in the global south, including the Pacific, Latin America, Caribbean, South East Asia and Africa,[10] to obtain their perspectives on equity at the political level in the climate negotiations and when accessing climate finance from different UNFCCC-linked multilateral climate funds. The interviews highlighted seven shared perspectives:

- **There just isn't enough climate finance to access**

All countries, developed or developing, must adopt measures to mitigate and adapt to climate change. Understanding developing country needs[11] is crucial to then quantify the cost of mitigation and adaptation measures and determine the investment gap such countries face and how various sources of finance can bridge this gap (UNFCCC, 2021b).

All practitioners referred to the 'limited resources' allocated to respond to all the climate priorities and needs of developing countries. This means **practitioners are concerned about the lack of finance commensurate with the climate needs of developing countries wanting to plan and implement climate actions.** Some believe that the issue is not the availability of finance per se but the lack of prioritisation by developed countries in delivering climate finance. They noted that funds had been made available rapidly for other global needs (e.g. in the event of wars and at the outset of the COVID-19 pandemic). What they feel is lacking is the political will in developed countries to prioritise support for climate action and so provide and mobilise climate finance in developing countries.

Looking specifically at climate finance provided and mobilised by developed countries for developing countries to meet the $100 billion annual finance goal, the Organisation for Economic Co-operation and Development (OECD) estimates this at $83.3 billion in 2020 (OECD, 2022). Considering total global climate finance, the 2021 edition of the Climate Policy Initiative's Global Landscape of Climate Finance states that, while total climate finance has increased over the past decade, reaching $632 billion in 2019/20, a 590% increase in annual climate finance is needed to meet the global climate objectives by 2030 and to avoid tragic climate change impacts (Buchner et al., 2021).

[10] Three represented DAEs accredited to the GCF, the GEF and AF; four were climate finance experts from the global south involved in the climate change negotiations on finance; and three represented NGOs operating in developing countries.
[11] Developing countries' needs are constantly changing and may depend on different factors, including 'temperature scenarios, mitigation pathways and adaptive capacity, extreme weather events, adverse effects of trade and economic barriers, and social factors such as poverty' (see UNFCCC, 2021b).

- **Access to adaptation finance in particular is lacking**

All practitioners expressed a concern that financial support for adaptation measures is globally limited. They feel adaptation finance is lacking for several reasons,[12] including a lack of tangible results in the short term as compared with mitigation projects. It was stressed that measures to support adaptation require long-term processes to shift natural systems and social structures and people from a state of vulnerability to one of resilience, and that, by the time developing countries receive adaptation support, it is too late to address the existing issues.

Practitioners also feel that, when it comes to adaptation projects/programmes, the process of designing and submitting proposals is too lengthy and difficult,[13] even where data is limited and livelihoods are at stake. The main concern relates to the fine line between what is understood as adaptation vs development measures and the need to have a strong climate rationale that involves historical, present and future climate data to support project/programme development. This concern also relates to the fact that the GEF and the GCF support incremental costs of adaptation projects,[14] whereas the AF provides full-cost grant support for actions identified as urgent. While practitioners understand it is crucial to ensure that climate finance supports concrete adaptation needs, such requirements should not become a block to accessing finance.

Practitioners also feel that the design of adaptation projects/programmes, independently of the exact project/programme, the size and the type of beneficiary, is often expected to be 'bankable', which is not always the case for necessary adaptation interventions.[15] This refers to funding from the GCF, as other funds do not apply bankability as a criterion. Meanwhile, evaluating adaptation projects requires good knowledge of context to fully understand what is proposed on paper and to reduce the timeframe of evaluation, which is often perceived as lacking in staff at the multilateral climate change funds.

With regard to multilateral funds supporting adaptation, $909 million was approved for adaptation during 2021 (Watson et al., 2022).[16] While not all adaptation costs will be met through the multilateral climate funds, the scale of needs indicates that total adaptation finance remains far below what is needed to respond to existing and future climate change threats: the estimated annual cost of adaptation in developing economies is in the range of $155 to $330 billion by 2030 (UNEP, 2021).

[12] These include but are not limited to clear definitions, indicators and criteria to quantify and describe the quality of adaptation results.
[13] This particular concern has to do with the differentiation between adaptation and development measures, and some climate funds supporting only incremental costs of adaptation projects/programmes.
[14] The GCF defines incremental costs as the additional expenses incurred with respect to a baseline to produce a new output or an equivalent output in a different manner. For details, see GCF (2018a).
[15] Key criteria for bankability include 'the probability of meeting the project's financial, environmental, and social goals, sufficient estimated cash flows to cover costs and produce returns that meet investor expectations, and whether the project will be implemented by a creditworthy entity' (Cities Climate Finance Leadership Alliance, 2022).
[16] The multilateral funds supporting adaptation are the GCF-1, the LDCF-1 Pilot Program for Climate Resilience, the AF, the Global Climate Change Alliance, the Adaptation for Smallholder Agriculture Programme, the SCCF and the GEF-7. For details see Watson et al. (2022).

- **There is unfair competition for resources between Accredited Entities**

Practitioners noted how AEs (international, regional or national) of the multilateral climate funds had very different capacities to manage and implement climate projects and programmes, yet some of the funds work on a 'first come, first served' basis.[17] As a result, they feel that small institutions are in an unfair competition with big institutions (DAEs vs IAEs). This is the reason why, in their view, many developing countries with few or no DAEs have to work with international institutions in order to submit successful proposals.

Some practitioners believe that, though the process of accrediting DAEs to UNFCCC funds certifies – on paper – that they have the capacities required to design and implement projects,[18] in reality accreditation has been shown to be a necessary but by no means sufficient step towards accessing climate finance. In addition to unfair competition with international entities, **most practitioners feel that climate finance flows predominantly to countries backstopped by well-capacitated DAEs, while many small, vulnerable countries, with less ability to meet on paper lengthy requirements and with limited absorption capacity to implement projects on the ground, lose out.** It is also worth highlighting that, in some cases, there remain poor incentives for IAEs to engage in developing countries suffering from missing economies of scale or market depth.

To illustrate, the GCF has approved 200 projects/programmes to date, covering 128 countries. Of these, 34% are activities in the Asia-Pacific, 35% are in Africa, 28% are in Latin America and the Caribbean and 3% are in Eastern Europe. IAEs accounted for over 83% of the GCF-approved projects in 2021 (GCF, 2021a). The United Nations Development Programme (UNDP) accounts for the largest volume of approved finance from the GCF, with 13% of total GCF funding to the IAEs. It is followed by the European Bank for Reconstruction and Development (12%), the World Bank (11%), Asian Development Bank (ADB) (11%) and the Inter-American Development Bank (IDB) (9%). Within these IAEs, projects and programmes in SIDS represent just 2% of UNDP, 1% of World Bank, 1% of ADB and 2% of IDB funding approved, while LDC projects represent 3% of UNDP and 5% of World Bank funding from the GCF. In terms of allocations to SIDS, LDCs and Africa combined, the World Bank accounts for the largest volume, with an allocation of 6% of its total funding from the GCF (GCF, 2022a).

- **Smaller projects/programmes with a lower risk profile are put under more scrutiny than larger projects**

Practitioners expressed a concern that, whether a project is small with few or no expected environmental or social impacts or large in size and with much larger social and environmental impacts, evaluators use a consistent level of scrutiny when assessing the fund's willingness to take financial risks. **Practitioners feel that risk appetite is higher when considering large-scale, financially intermediated projects and that this same willingness to take risks is not employed with regard to many small-scale projects**

[17] It is worth noting that the AF has placed restrictions on IAEs accessing finance to increase access by DAEs. The GCF has ringfenced resources under the Enhancing Direct Access (EDA) programme for access by DAEs exclusively.
[18] Including project management; fiduciary; and environmental, social and gender standards.

and programmes. Thus, when it comes to evaluating proposals, smaller projects feel they come under a higher level of scrutiny. It is often required for AEs to have a project proposal that can anticipate all the associated potential risks and demonstrate how risks are mitigated to the point that there is little scope for flexibility during implementation.

Climate funds have adjusted some approval processes to be more responsive to small-scale project needs. For example, the GCF has adopted the Simplified Approval Process (SAP) for projects that have climate solutions proven to be ready for scaling-up but that are less than $25 million in size and with low environmental and social risks. The SAP initially had a $10 million project threshold; however, this has been updated to a maximum size of $25 million for projects with minimal environmental and social risks (GCF, 2022a). SAP projects are available to DAEs and IAEs and the idea is to simplify processes and documentation (including fewer total pages and a reduction in duplication of information). Until recently, however, access to the SAP window was allowed only once the GCF Secretariat had fully endorsed a concept note. This requirement has been removed but it remains strongly recommended. Only 24 SAP projects globally have been approved to date. In the case of the AF, projects of less than $1 million undergo a one-step approval process by the board to simplify procedures.[19] The GEF has adopted a simplified process for medium-size projects requesting $2 million or less in project financing.[20]

The GCF has also created a Project Preparation Facility (PPF) to support project development. However, a high potential concept note endorsed by the GCF Secretariat is necessary to access PPF support (GCF, 2022a). For many DAEs, getting such a concept note endorsed by the GCF is still a main barrier when trying to access financial support from the fund. Practitioners also mentioned that the process involved in developing a concept note for endorsement and finally getting the PPF proposal approved could be quite long. The GCF has approved 50 PPF proposals in 64 countries to date (ibid.). However, most funding for the PPF has been accessed by entities that have already successfully had at least one project approved (Caldwell and Larsen, 2021).

- **Many developing countries do not have enough Direct Access Entities to meet their needs**

Practitioners expressed that there were not enough DAEs to support the climate needs of developing countries. This was noted in particular for many Pacific Island states. **DAEs, often with specific expertise and/or capacities, are often sufficient to respond to only a fraction of developing countries' needs, leaving other needs unaddressed, and making experts feel they have to choose between priority climate actions and needs in a country**.

The poorest countries with the lowest capacity often face the greatest risks of climate change (Bharadwaj et al., 2022) – and often have the fewest DAEs accredited (Masullo

[19] For more information on the review and approval of small-size projects and programmes, see AF (2009).
[20] For details see GEF (2016).

et al., 2015).[21] Climate funds are increasing their efforts to have more national AEs in their portfolios (Amerasinghe et al., 2017). In the GCF, however, despite growth in national and sub-national AEs – 51% of their AEs are national (GCF, 2022b) – international entities still represented over 83% of the funded projects in 2021 (GCF, 2021a).

- **Practitioners worry that climate finance is creating unsustainable debt in developing countries**

All practitioners referred to the danger that the provision of climate finance could be exacerbating indebtedness in developing countries. **Practitioners are concerned about capacity to respond to emergencies, and they feel that debt and the costs of climate responses worsen the chances of economic recovery.** They also feel that the level of indebtedness that climate finance loans or other non-concessional financial instruments are creating in developing countries could have negative consequences for private sector investment in climate action. The private sector relies on credit rating agencies, and many developing countries facing climate impacts and with high levels of indebtedness are considered high-risk.

This perception stems from the fact that debt increases through loan provision. Climate funds under the UNFCCC do play a crucial role in supporting the provision of grant-based finance for climate action. The GCF has similar percentages of loans and grants in its portfolio (42%) (see GCF, 2022a), while the AF provides grant-based support only, for example. The perceptions of stakeholders, therefore, likely reflect the wider climate finance architecture and access to climate finance from, for example, multilateral development banks. According to the Global Landscape of Climate Finance for 2021, most global total climate finance across public and private sources (61% – $384 billion) was raised as debt (Buchner et al., 2021); OECD (2022) shows that, between 2016 and 2020, only 16% of public climate finance was allocated as grant-based support.

There is growing debate and literature on the most appropriate financial instruments for climate action that can avoid negative consequences for a country's ability to achieve fiscal stability and debt sustainability (e.g. Fresnillo, 2020). For example, debt is not necessarily bad if it is used to finance a project that has a high probability of generating returns. However, this is not the case for many vulnerable developing countries with limited fiscal space. Understanding the context of a project is extremely important (Mustapha, 2022).

- **No financial support is available for loss and damage needs under the UNFCCC-linked funds**

Practitioners feel that, for vulnerable states, the issue of financing loss and damage should be a priority. Loss and damage refers to 'the impacts of climate change which are not avoided by mitigation, adaptation and other measures such as disaster risk management' (The Loss and Damage Collaboration, 2021). According to Chhetri et al. (2021), loss and

[21] A review of the GCF, with the exception of Eastern Europe, notes that there are sufficient AEs with differentiated capabilities to serve countries but not necessarily DAEs (see GCF, 2022b).

damage finance is the support provided as a result of needs attributed to climate change, and delivered following the principles of equity, justice and historical responsibility, to be guided by scientific findings and conclusions. It is considered to fall under the umbrella term of climate finance but to be complementary to mitigation and adaptation finance. **Practitioners worry that there is little clarity on whether finance will be made available for loss and damage**, despite the issue rising up the agenda in the climate change negotiation space.

Relating to multilateral climate funds under the UNFCCC, COP25 asked the GCF Board to continue providing financial resources for activities relevant to averting, minimising and addressing loss and damage to the extent consistent with the existing operations.[22] However, in doing so, the funding will be labelled as adaptation, creating a further imbalance in the resources going towards adaptation and mitigation. (The Loss and Damage Collaboration, 2021). This is further complicated as measures to avert and minimise loss and damage can be considered relevant to mitigation and adaptation, respectively, leaving the addressing of loss and damage left out. Defining the addressing of loss and damage more specifically as measures that come into effect once loss and damage has been incurred could provide further clarity on the matter (ibid.).

[22] See COP25 guidance to the GCF at UNFCCC (2020).

+ 4. Good practices and new opportunities for accessing climate finance

4.1. Successful practices and modalities for accessing climate finance

Practitioners highlighted that some of the existing practices of the UNFCCC-linked climate funds contribute positively to efficient access to climate finance. Two key practices were recognised:

- **Climate finance readiness support**

Practitioners consider climate finance readiness programmes a positive response to many of the challenges developing countries face when accessing climate finance. Climate finance readiness has been defined as 'a country's capacity to plan for, access, and deliver climate finance, as well as monitor and report on expenditures' (UNDP, 2015). Practitioners highlighted that such readiness support helped strengthen the institutional capacities, governance mechanisms and planning and programming frameworks in developing countries towards a transformative long-term climate action agenda. In particular, they pointed to the role of readiness finance in creating the institutional setting required for meaningful mobilisation of climate finance at the national level. This implies that countries can define key roles and responsibilities for climate finance and even define climate change priorities and needs that require international financial support: delivering more of an 'ecosystem approach'.

Such climate finance readiness support is provided through grants and technical assistance. The GCF Readiness Programme approved over 608 readiness requests covering 141 countries totalling $428 million between 2015 and 2021 (GCF, 2022a). Readiness support is also available for national development plans and other adaptation planning processes.[23] In 2018, the GCF Readiness Programme was found to have strengthened the role of National Designated Authorities and Focal Points and promoted significant stakeholder engagement (GCF, 2018b). The AF has approved 46 readiness grants worth over $1.6 million total (AF, 2022b). The GEF does not have a specific readiness programme but provides support for enabling activities, which is in line with the type of work by readiness programmes of other funds. The GEF enabling activities provide support for planning and reporting. This support has reached over $500 million for mitigation activities since the GEF's inception in 1994 (GEF, 2022).

- **Direct Access Entities**

Practitioners stressed how DAEs were playing a key role in fostering country ownership in climate change project implementation. These DAEs are sub-national, national or regional organisations that are nominated by developing country National Designated Authorities or Focal Points in the case of the GCF and the AF (AF, 2021; GCF, 2022b).

[23] For more details, see www.greenclimate.fund/readiness/naps

DAEs are perceived by experts to channel climate finance more directly to a country's climate needs given their familiarity with local context.

Practitioners also recognised project development opportunities created to facilitate climate finance access from DAEs. For example, the GCF has created a pilot programme on Enhanced Direct Access (EDA) in order to build country ownership of projects and programmes using a dedicated access window for its accredited DAEs. The EDA programme enables projects to devolve decision-making on funding decisions and individual sub-project oversight to the national level. The GCF has approved three EDA projects to date, to the total value of $52.3 million (GCF, 2021a). The AF has a similar EDA programme, albeit at a smaller scale, and has approved two projects to the value of $10 million combined.[24] The GEF Small Grants Programme provides grants of up to $50,000 directly to local communities, including indigenous people, community-based organisations and other non-governmental groups, for climate- and non-climate-related projects (i.e. through non-accredited non-state actors).[25] Since its inception in 1992, the programme has provided over $724.9 million for projects around the world.

- **Other relevant policies and support frameworks**

It is worth noting that practitioners did not mention in interview other available modalities facilitating access to climate finance.[26] This includes those that directly support accreditation, project preparation or project approvals.

For accreditation, this includes the GCF fast-track accreditation process, for entities already accredited at the AF and the GEF as well as under European development agencies. The AF also has a Streamlined Accreditation Process to increase possibilities for smaller National Implementing Entities (NIEs) to access the resources of the Fund, taking into consideration their capacities.[27]

For project preparation, the GCF's requests for proposals on specific themes help ringfence financial support; nonetheless, they may include additional criteria for access. The AF's Project Formulation Grants and Project Formulation Assistance and the GEF's Project Preparation Grants (AF, 2022a; GCF, 2021b; GEF, 2022) are other examples of relevant modalities.

For project approvals, this would also include the Simplified Approval Process (SAP), country support programme and project specific support provided by the GCF. While these were not referred to by experts, they represent significant efforts by UNFCCC funds to improve access to climate finance. It is possible that time was the limiting factor in eliciting feedback on these mechanisms.

[24] For details, see www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/
[25] For details, see https://sgp.undp.org/about-us-157.html
[26] Not all matters related to access modalities were covered during interviews given the timeframe allocated.
[27] For more details see https://www.adaptation-fund.org/apply-funding/accreditation/

4.2. Opportunities to enhance access to climate finance

Practitioners agreed on four opportunities that would enhance the provision of and access to climate finance under the UNFCCC Financial Mechanism:

- **Further harmonise requirements to access UNFCCC-linked funds**

Practitioners said that rules and procedures for accessing climate finance varied between multilateral climate funds, despite these serving the same objectives as in the UNFCCC and the Paris Agreement. This is problematic for many practitioners because they view the requirements as too specific, oversized and complex to meet, especially for smaller countries with limited capacities.

There has already been a call for harmonising standards, requirements and proposal approval procedures (Amerasinghe et al., 2017). This will avoid developing countries designing strategies that respond to different demands and different standards. Such harmonising may see development and expansion of initiatives already in place such as the GCF fast-track process, which has allowed many DAEs accredited to other climate funds to become accredited to the GCF in a reasonable timeframe, or peer-to-peer modalities that UNFCCC funds are adopting (such as a community of practice for DAEs)[28] to better align procedures on direct access and gender-related matters.

- **Continue to make rules proportional to project size, risk categorisation for Environmental and Social Safeguards and accredited entity capacities**

Practitioners with experience in managing small institutions mentioned that seeking approval for small-scale projects with limited Environmental and Social Safeguards (ESS) risk levels in their proposed activities was too lengthy for the urgent climate needs of communities, including for projects with demonstrated positive solutions and with noticeable scalable and replicable results. Given the types of projects they manage, practitioners feel that the project approval burden on small countries and DAEs should be reduced. One suggestion was to replace ‘paperwork’-based project assessments with in-situ visits or other means to evaluate and monitor actions and project results. The size of a project and the risk categorisation for ESS, which helps determine and manage the environmental and social risks and impacts of the activities seeking funding, are not the only criteria to be considered when making rules proportional. Other key elements that may be relevant include the financial instruments through which programming occurs and the degree of intermediation.

Climate funds under the UNFCCC are taking steps in this direction. For example, the GEF has size-differentiated approval processes (GEF, 2020); the AF provides single-step vs two-step approval processes based on project size (AF, 2015) and the GCF has adopted the SAP for certain types of projects.[29]

[28] For details, see www.adaptation-fund.org/readiness/community-of-practice/
[29] See more details on SAP projects here https://www.greenclimate.fund/projects/sap

- **Double down on long-term support for institutional capacity-building**

Practitioners explained that, despite positive validation of climate finance readiness programmes and direct access modalities, there remains room for improvement in terms of being more iterative and responsive to national institutional needs on climate, in particular for those entities that play a key role in mobilising and accessing climate finance. Access to readiness support has so far been perceived as too difficult and too short in term to produce visible or lasting results. Measures have been taken to improve the GCF readiness programme over time. Early criticism noted that readiness programmes of the different financial entities served the purpose of enhancing engagement with the specific entity providing support instead of supporting countries to reach the overarching goals of the UNFCCC. Improvements in the GCF Readiness Programme include adopting programmatic approaches for up to three years, which can be renewed and so iterated on. Other measures are more one-off: AF financing support for ESS and gender integration can be asked for only once. As such, readiness finance still falls short of demand to build long-lasting enabling conditions and a national climate finance architecture in which multiple sectors, stakeholders and levels of government interact and intervene. Building long-term institutional capacity is crucial.

- **Clarify what constitutes climate finance**

Many practitioners identified the lack of a multilaterally agreed definition of climate finance as problematic when developing project/programme proposals and seeking access to finance but also when tracking and assessing the impact of the resource.[30] They suggest that a formal definition of climate finance could provide a common understanding of what climate finance constitutes, what can be accounted for as such, what is mobilised in the name of climate finance and what sort of support can be given, including by the UNFCCC-linked multilateral climate funds.

The challenge of establishing a climate finance definition goes far beyond the UNFCCC funds, however (where all flows through the climate funds are considered by most actors as 'climate finance'). Not having a definition has resulted in inconsistency in reporting needs and climate finance accessed by developing countries and flows reported by developed countries (UNFCCC, 2022). This situation makes it more difficult to assess the extent to which climate finance commitments are being met and whether these address the needs of developing countries, as well as if climate finance is 'new and additional' as outlined in the Cancun Agreements (UNFCCC, 2010).

[30] See the submission with a proposal made by Bolivia on behalf of the LMDC on Definition of Climate Finance for the consideration of the Standing Committee on Finance: https://unfccc.int/sites/default/files/resource/202205110711---LMDC Submission on Climate Finance Definition.pdf

+ 5. Access to finance in the Global Stocktake

When signing up to the Paris Agreement, Parties agreed to periodically check on progress towards the long-term climate goals that they set under the treaty. This exercise, called the Global Stocktake, happens every five years and is designed to assess collective progress towards global goals on climate change adaptation, mitigation and finance. The GST is a critical piece of the Paris architecture, necessary to underpin the legitimacy and relevance of the Paris Agreement by creating accountability and contributing to a cycle of continually increasing national ambition.

The stocktaking effort will consider the obligation of developed countries to support developing countries to meet their climate change needs for adaptation and mitigation through a mandated focus on Means of Implementation and Support – of which finance is a crucial element, together with technology transfer and capacity-building. As such, the GST provides an opportunity to deep dive into equity in accessing climate finance, considering both quantity and quality of flows, including UNFCCC-linked climate funds.

The GST is a participatory process that brings together climate change experts, decision-makers, practitioners and civil society stakeholders. It will unfold across three stages, of 'information collection', 'technical assessment' and a final politically oriented 'consideration of outputs' phase. The outcomes of the first Technical Dialogue component of the assessment is under way: these have included discussions on the quality and effectiveness of climate finance, including challenges to accessing climate finance (see GST, 2022b).

Outcomes of the first Technical Dialogue (TD1.1), held in June 2022, suggest a need to have more granular discussions and consider broader holistic and integrated issues and approaches that incorporate the full spectrum of actions (GST, 2022b). Such suggestions are being integrated in the planning for the second Technical Dialogue (TD1.2), which will be undertaken through 'a focused exchange of views, information and ideas in in-session roundtables, workshops or other activities' and continue enhancing collaboration to tackle existing barriers towards ambitious climate action (GST, 2022a).

The GST is therefore an opportunity to deepen conversations on critical elements around access to climate finance, including through the UNFCCC-linked funds. The technical assessment and the final outputs can highlight best practices, while equally keeping attention on the challenges and barriers to climate finance access. It may even define benchmarks to seek progress towards enhanced and simplified access over time. The first GST is also taking place in parallel with technical discussions for a New Collective Quantified Goal on climate finance, to supersede the current climate finance goal from 2025 onward, which can also benefit from such a deep dive on climate finance access topics.

Based on the perceptions presented in this paper, which reflect the lived practical experience of accessing climate finance, there are three key areas in which the GST process can help deepen understanding and advance solutions:

- **Fit-for-purpose climate finance provision and access**

While acknowledging the efforts the UNFCCC-linked climate funds are making towards simplifying access to finance, additional measures can be taken to build on and expand existing simplified access and approval processes. Fit-for-purpose finance provision to climate projects/programmes that take into consideration, for example, (i) the size of the project, (ii) the type of project, (iii) the context in which interventions will be implemented, (iv) the level of ESS risks, (v) the level of capacities of national stakeholders/entities and (vi) the financial instrument, could help alleviate the burden around access to climate finance, especially for vulnerable countries seeking support for small-scale, low-risk projects/programmes.

In the specific case of adaptation measures, adopting a fit-for-purpose finance approach would focus on reducing long times invested in project development. Adopting a fit-for-purpose approach to finance could help funding be more responsive to the local and context-specific circumstances, for example of the project proposals seeking financial support. It can also emphasise the role of grant-based finance as an enabler that helps in setting the scene and preparing local stakeholders for other types of finance to come, including private sector investment.

The GST not only will provide a forum for discussion, raising more expert perspectives on fit-for-purpose climate finance provision and access, but also could generate a political mandate to see progress.

- **Technical capacities needed for project development and implementation**

Adopting an ecosystem approach to climate finance means looking at climate finance access not just as a numerical target to meet climate needs but rather as an ensemble of different institutions, stakeholders and processes needed to design and implement climate projects in line with national priorities and needs. The climate finance ecosystem includes national entities capable of implementing projects effectively; the institutional setting required to design projects well, through sustained and broad stakeholder engagement, and to oversee project implementation; and the local capacities in place to monitor and assess the overall climate impacts of the projects developed and their contribution towards national mitigation and adaptation goals. Climate finance must be accessed to support this entire ecosystem, not just specific aspects of it.

In this ecosystem approach to climate finance, DAEs play a crucial role in providing country-led responses to climate priorities and needs in developing countries, given their knowledge and experience working with local stakeholders and drawing on existing national planning processes. However, ongoing support is needed to increase the number of DAEs becoming accredited to climate funds, as well as their capacities for the type of projects/programmes they design and implement (considering projects of varying size and risk level and their ability to financially intermediate). Post-accreditation support may also be needed to ensure entities are able to develop and implement successful project proposals that help advance the climate commitments of the countries in which they operate.

The GST has the opportunity to identify information on where such technical capacities can be built and the best practices that exist in building and maintaining such climate finance ecosystems, which can be included in technical GST processes over time.

- **Increased focus on overall outcomes and lasting impacts of climate finance**

A large portion of climate finance literature and time in climate negotiations is focused on whether climate finance commitments on provision and mobilisation have been met. Although making climate finance available is central to access, ensuring it is effective at delivering mitigation and adaptation is also crucial for the implementation of climate action in developing countries and for the ultimate achievement of the Paris Agreement goals and the UNFCCC objectives.

The UNFCCC-linked climate funds have focused largely on quantified outputs, in terms of emissions, installed energy capacity and number of people an intervention has touched (UNFCCC, 2022). In considering equity in access to climate finance, the GST could look more closely at the outcomes of projects and programmes in its technical phase. For example, are resources empowering local actors, increasing the resilience of local communities, women and indigenous groups and supporting human rights obligations to lead to lasting impacts? In doing so, the GST can then provide a signalling function to climate finance providers to better seek outcome-oriented results.

This paper shows us that access barriers will not be addressed by focusing only on quantities of climate finance: the perceptions of fairness and equity that practitioners have are builders or breakers of trust in the UNFCCC-linked multilateral climate funds. While the GST is just one process under which to advance access to climate finance, it is an important one that can lay the groundwork for the assessment of key areas of climate finance access into the future.

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+ Annex 1: Questionnaire

Questionnaire distributed to expert climate finance practitioners

1. What is your role in the climate finance agenda or the UNFCCC?
2. Are you familiar with the existing policy and principles for the provision of and access to climate finance at the global level? If yes, what is your perception about them?
3. Which concrete practices and procedures from existing climate financial mechanisms (GCF, AF, GEF, etc.) are you familiar with for the provision of and access to climate finance?
4. Are you familiar with the principles of equity and justice in the provision of and access to climate finance?
5. Do you consider that practices and procedures from existing climate financial mechanisms promote equity and justice for the provision of and access to climate finance? If yes, how? If no, why not?
6. More specifically, what are the main challenges, barriers and lessons learned you want to highlight from your experience with these procedures and practices in accessing climate finance?
7. What are your recommendations to improve the provision of and access to climate finance from an equity and justice perspective? What is missing at the climate finance policy and principles level and their practical implementation?
8. Do you have recommendations in terms of improving justice and equity for the provision of and access to climate finance through the Global Stocktake? If yes, please spell out a few.

+ Annex 2: Access elements of UNFCCC-linked climate funds

	Green Climate Fund	**Adaptation Fund**	**Global Environment Facility/ Least Developed Countries Fund/ Special Climate Change Fund**
Decision-making body	The GCF has a board of 24 members (12 from developed countries, 12 from developing countries).	The AF has a board of 16 members (69% representing developing countries).	The GEF Council comprises 32 members appointed by constituencies of GEF member countries (14 from developed countries, 16 from developing countries and 2 from economies in transition). LDCF and SCCF as specialised trust funds sit under the wider GEF governance structure.
Readiness Support	**The Readiness and Preparatory Support Programme** supports country-driven initiatives by developing countries to strengthen their institutional capacities, governance mechanisms and planning frameworks such as National Adaptation Plans.	**The Readiness Package Grants** provide support for accreditation of National Implementing Entities.	**Support for Enabling Activities** is support given to the formulation of reporting obligations to Conventions. **The Capacity-Building Initiative for Transparency** is support provided to formulation of reporting obligations under the Paris Agreement.
Accreditation as the means to access climate finance	**Accredited Entities** to the GCF are public and private, sub-national, national, regional and international entities, with differentiated capabilities (reflected in their accreditation status) with respect to scale, risk categorisation and financial intermediation vs direct project/programme management, using a variety of financial instruments. The GCF has fast-tracked accreditation of entities already accredited at the AF and the GEF as well as under European development agencies (Directorate General International Partnerships.).	**Accredited Institutions are** national, regional and multilateral institutions that can receive and implement AF grant resources.	**GEF Partner Agencies** develop project proposals and manage the implementation of these on the ground. Agencies are international, regional and national entities. The LDCF and SCCF work through formally accredited GEF Agencies.
Allocation criteria	The GCF has adopted a balanced allocation between adaptation and mitigation support. Of	The AF has established country caps ($20 million) to allow broader benefit of eligible	The GEF Trust Fund has adopted a System for Transparent Allocation of Resources. With this,

	Green Climate Fund	Adaptation Fund	Global Environment Facility/ Least Developed Countries Fund/ Special Climate Change Fund
	the adaptation threshold, 50% is going to LDCs, SIDS and Africa.	countries; this also limits how much can be managed by an international entity.	the GEF Secretariat allocates resources in an indicative way to its eligible countries in a replenishment period. All countries that are part of the UNFCCC are eligible to the LDCF and SCCF. Before finance can be accessed, a National Adaptation Programme of Action must be completed and sent to the UNFCCC Secretariat.
Project proposal support and approval	• The **Project Preparation Facility** provides financial and technical assistance for the preparation of funding proposals. • The Simplified Approval Process is an application process for small-scale projects and programmes (up to $25 million) with limited ESS to be ready to scale up. • The Enhanced Direct Access programme promotes country ownership through enhanced devolution of decision-making at the national or regional level.	• **Project Formulation Grants** provide support to build capacity of National Implementing Entities in project preparation and design. • Project Formulation Assistance serves to strengthen the capacities of National Implementing Entities in the areas of environmental and social risk management and gender in project design.	**The Project Preparation Grant** is funding to support the preparation of full projects or medium-sized projects.
Number of implementing partners	113 Accredited Entities,[31] of which 41 are International Entities, 14 are Regional Entities and 58 are National Entities.	57 implementing entities comprising 34 National Implementing Entities, 9 Regional Implementing Entities and 14 Multilateral Implementing MIEs. Of the 34 National Implementing Entities, 10 were from LDCs and 7 from SIDS.[32]	18 GEF Partners Agencies[33] comprising 13 international, 3 regional and 2 national agencies.
Financial instruments	Concessional loans, grants, equity and guarantees	Grants	Grants, concessional loans, equity and guarantees. However, both the LDCF and the SCCF offer grants (as incremental cost finance to address climate change adaptation relative to a development baseline).

[31] See the list of all GCF accredited entities here: www.greenclimate.fund/about/partners/ae
[32] See the list of all AF implementing entities here: www.adaptation-fund.org/apply-funding/implementing-entities/
[33] See the list of all GEF partner agencies here: www.thegef.org/projects-operations/how-projects-work

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