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Joint Statement by the AF, CIF, GCF, GEF, LDCF, SCCF

Supporting developing countries on the road to a climate-resilient recovery from the COVID-19 pandemic

The COVID-19 pandemic has brought the world to a tipping point in the fight against climate change. Decisions taken by leaders today to revive economies will have crucial implications for targets enshrined in the Paris Agreement and the Sustainable Development Goals (SDGs).

Developing countries are particularly vulnerable to compound risks from climate change and the COVID-19 pandemic, including the economic fallout from the pandemic. These nations require urgent access to long-term, affordable finance to implement climate-resilient recovery measures that will avoid emissions and climate-vulnerability lock-in for decades to come.

The Multilateral Climate Funds have a critical role to play in stimulating climate action that can accelerate post-COVID recovery by deploying innovative and scaled finance that can unlock economic resilience, improve health and create the next generation of green jobs.

At the same time, the COVID-19 pandemic has had a significant impact on the Climate Funds' operations and will continue to do so in 2021 and 2022. We are taking steps to provide additional flexibility and support for adaptive management of project portfolios, streamline operational procedures accelerating access to climate finance, restructure projects, convert financial instruments, accelerate disbursements, integrate broader resilience into climate projects, and facilitate tailored COVID-19 recovery support windows.

In addition, the Funds are stepping up their collaboration to promote complementarity and synergies that will help maximize the impact of their respective programmes in support of developing country recovery efforts. The Funds are doing this through the following priority action areas:

1. **Scaling-up and Blending Finance:** We will identify options to scale up climate finance including joint programming that leverages our cooperative advantages in support of countries' most pressing recovery needs. As part of this process, we will explore opportunities to sequence our finance and deploy complementary and innovative financial instruments aimed at scaling up our projects.
2. **Results, Indicators, Monitoring and Evaluation:** We have established a Fund-to-Fund collaboration platform on results, indicators and methodologies for measuring impact. This platform provides an important one-stop-shop information-sharing tool that allows the Funds to better assess the distribution of support and identify areas for future joint intervention and reporting that can support scaled-up climate actions and green recovery initiatives.
3. **Knowledge Sharing:** We will explore opportunities to share our wealth of experience and knowledge across our portfolios that offer important lessons for how climate-related investments can support COVID-19 recoveries.
4. **Stakeholder Engagement:** We will continue to ensure the active engagement of diverse stakeholders in the operations and governance of the Climate Funds, recognizing their value in informing climate-resilient recovery measures that equitably manage environmental and social risks, and providing views on the priorities, constraints and solutions toward ambitious recovery.
5. **Programming:** Each of the Funds are launching several key flagship initiatives to support innovation, climate resilience and economic recovery, including investments in the Great Green Wall, COVID-19 Technical Assistance Response Initiative for Green and Climate Resilient Recovery, e-Mobility, Enhanced Direct Access (EDA) and Climate Innovation Accelerator for adaptation solutions, among many others. Some examples below:

The **Adaptation Fund (AF)** is funding several effective responses to address the climate urgency and build broader resilience against other risks, including the pandemic, while promoting coordination and synergy with partners' interventions on the ground: the Adaptation Fund Climate Innovation Accelerator (AFCIA) implemented by the United Nations Development Programme, United Nations Environment Programme and Climate Technology Centre and Network, fosters innovation in adaptation in developing countries by targeting a broad range of grant recipients, including governments, NGOs, community groups, entrepreneurs, young innovators, encourages and accelerates new innovations, develops innovative adaptation practices and tools, and generates evidence of effective practices and technologies that can lead to scaling up; AF Project Scale-Up Grants foster country ownership while supporting planning, design and development of scale-ups of effective AF-funded projects; and Enhanced Direct Access projects empower developing country recipients of international climate finance by devolving decision-making in the programming of internationally allocated funds to the national and sub-national levels. In addition, the Fund has adopted a dedicated COVID-19 response and adaptive measures to mitigate its impacts on the Fund's portfolio. These measures support countries and implementing entities with additional flexibility and guidance on managing COVID-19 related project delays and change to achieve their originally set objectives. Countries are also encouraged to consider matters related to COVID-19 in their future programming of funding from the Adaptation Fund, in order to achieve a broader resilience.

The **Climate Investment Funds (CIF)** has supported countries from the outset of the pandemic. As an immediate response to the COVID-19 pandemic, CIF supported the restructuring of existing CIF projects for COVID-19 response support. For example, in Honduras, CIF facilitated the restructuring of a clean cook stove project to direct finance towards the deployment of solar-powered mobile health units which have helped alleviate pressure on the country's hospitals. In addition to these immediate response measures, CIF has set up a COVID-19 Technical Assistance Response Initiative for Green and Climate Resilient Recovery that offers technical assistance and capacity building support to low- and middle-income countries to integrate green, low-carbon and climate-resilient policies and investments into their COVID-19 recovery plans. The \$25 million initiative supports countries with a wide range of activities including project preparation, project-specific assessments including for green jobs, just transition, climate risk and vulnerability knowledge sharing, and advising the private sector on upcoming green investment opportunities. CIF harnessed its wealth of investment experience and analytical capacity and released a learning brief focused on how climate investments can help countries maximize the economic, social, environmental, and institutional benefits of climate-related investments, as well as a report highlighting examples, policy insights, and principles for advancing the just transition through green recoveries. CIF is also in the process of launching five new strategic investment programs that will create new green jobs and opportunities in green and just recoveries from the fallout of COVID-19. Two of these programs, which are for accelerating coal transition and integrating renewable energy, have received commitments of up to \$2 billion, which the G7 welcomed in June, and will support developing countries in accelerating the transition from coal while investing in technology, job training, and infrastructure to unlock a more reliable and prosperous clean energy economy.

The **Green Climate Fund (GCF)** takes a three pronged approach to support developing countries maintain climate ambition in the context of COVID-19. First, through proactive adaptive management, the GCF is working with its partners to mitigate the impact of the pandemic on its existing portfolio. This facilitates continued project disbursements during the pandemic, reducing implementation delays. The Fund met its disbursement target in 2020 and will exceed it in 2021. Second, GCF's Readiness Programme is offering 'rapid support' to help countries craft green, climate resilient recovery measures; explore new types of financial structure to capitalize these measures without increasing their debt burden; and integrate Nationally Determined Contributions (NDCs) into recovery packages. A total of 38 proposals have been received, covering 50 countries, with 25 of those having been approved to date. Third, GCF has accelerated its efforts to approve transformative climate mitigation and adaptation projects with strong socio-economic co-benefits. Since the inception of the pandemic, the Fund has approved 56 projects totaling US\$3.76 billion in GCF resources. Resilience has been central to project programming for the GCF with 55% of these new projects having a cross-cutting or adaptation theme. One recent example, the ASER Rural Electrification Project (FP138) will provide rural households and hospitals with access to modern solar-powered mini-grids in 1,000 isolated villages. Based on a public private partnership business model for investing and operating small scale green mini grids, it will promote jobs creation and healthcare to support COVID-19 recovery efforts.

The **Global Environment Facility (GEF)** has made several operational and strategic adjustments to provide continued support to developing countries' urgent priorities throughout the COVID-19 crisis. A GEF-convened COVID-19 Response Task Force met throughout 2020 to assess the pandemic and its implications for global environmental initiatives, including measures to prevent future outbreaks. A White Paper published in November 2020 identified future risks linked to

emerging infectious diseases and outlined possible investments that could mitigate them. Additionally, the GEF tailored its financial support to prioritize the preparation of high-quality projects that respond to urgent environmental needs, and those that enable countries to plan a green, blue, clean, and resilient recovery from the pandemic. These principles were integrated into projects and programs across the portfolio, including in climate change. Deadlines for project cancellation were also extended to factor in pandemic-related disruptions. The GEF COVID-19 Off-Grid Recovery Platform, implemented by the African Development Bank, is an example of an intervention designed to support environmental priorities throughout the COVID crisis. It will provide fast-tracked and flexible financing to off-grid electricity providers to install an additional 47 megawatts of clean energy capacity, and provide new or continued energy access services to 2.5 million people. This project aims to prevent a “reverse energy transition” as a result of supply chain disruptions, decreased revenues, and disrupted lending conditions that could otherwise jeopardize sustainable development and climate change mitigation goals.

The **Least Developed Countries Fund (LDCF)** provides dedicated support for Least Developed Countries, many of which have been severely impacted by the pandemic, with relatively weak capacity to address it. Throughout the COVID-19 crisis, the LDCF has worked closely with partners to support projects designed to bolster the economic resilience, health, and recovery efforts of vulnerable countries and communities while addressing their urgent climate change adaptation priorities. More specifically, the LDCF is working to support nature-based solutions to help safeguard ecosystems that can serve as foundations of economic activity and societal well-being. With its support, the LDCF is continuing to strengthen income generation and diversification, build supply chain resilience, enhance local food security, and bolster vulnerable ecosystems and people that are most exposed to both the COVID-19 and climate crises. For example, the LDCF-supported Adaptive Agriculture and Rangeland Rehabilitation Project in Somalia is expected to help reduce the incidence and spread of infectious diseases through a set of habitat restoration activities. Implemented by FAO, this project will also contribute to climate-resilient recovery from the COVID-19 pandemic by establishing a microfinance mechanism to provide accessible credit for smallholder farmers and small and medium-sized enterprises to invest in their livelihoods through climate adaptation action.

The **Special Climate Change Fund (SCCF)** is collaborating with countries and partner institutions to design and support innovative projects that accelerate resilient recovery efforts in vulnerable countries. With specific focus on mobilizing private sector engagement and strengthening the economic case for nature based solutions, the SCCF is supporting projects that enable communities and investors to support resilient recovery. For example, the Landscape Resilience Fund, supported through the SCCF-supported GEF Challenge Program for Adaptation Innovation, aims to mobilize \$100 million in private sector investment by 2025 for climate adaptation projects that support sustainable agricultural and forestry supply chains. Managed by South Pole in collaboration with WWF, the Landscape Resilience Fund will contribute to a green and climate-resilient economic recovery from the COVID-19 pandemic by providing financing and technical assistance to small and medium-sized enterprises that work with smallholder farmers in vulnerable landscapes, as well as strengthening the resilience of supply chains that are critical to economic sustainability. In June 2020, Chanel announced a \$25 million commitment as an anchor investor in this Fund, building on the GEF’s initial support of \$1.3 million.

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