

Annex V

THE MULTILATERAL CLIMATE FUNDS ACTION PLAN ON COMPLEMENTARITY AND COHERENCE

Prepared by

Adaptation Fund

Climate Investment Funds

Global Environment
Facility

Green Climate Fund

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*This draft action plan is prepared for consultations with the governing bodies of the Adaptation Fund, Climate Investment Funds, Global Environment Facility and the Green Climate Fund.
Following consultations, a final action plan will be published by the Heads of the Multilateral Climate Funds at COP29.*

EXECUTIVE SUMMARY

The Multilateral Climate Funds have a crucial role in supporting the transition to a low-emission and climate-resilient future. Collectively, the Adaptation Fund, Climate Investment Funds, Global Environment Facility, and Green Climate Fund have channelled over US\$47 billion for climate and sustainability action to date, leveraging over US\$240 billion in co-financing.

The action plan is governed by our vision of supporting developing countries' climate goals. Through closer collaboration, we aim to:

1. **enhance access** to climate finance through promoting efficiencies and streamlining processes;
2. **increase the impact** of our support for developing countries' climate goals;
3. **work together as a system**, acting in a coordinated way; and,
4. **play an enabling role** in the international climate finance architecture.

The MCFs are committed to an ongoing, long-term collaboration. We have already agreed on a coordination mechanism to drive this work. The newly established Heads of MCFs Committee provides oversight for our coordination, bringing together our principals on a regular basis. The Committee is supported by the MCF Task Force and working groups in specific areas. The Heads of MCFs Committee will review the implementation of the action plan and, based on the reporting and feedback from the governing bodies, will update the plan as needed.

The MCFs commit to increasing our complementarity, ensuring that our distinct roles and advantages are clearly expressed so that access to finance is simplified. We are committed to harmonizing our procedures and processes where possible, recognizing that each Fund has different modalities and business models. Engagement with governing bodies will be key to success, and each Fund will respect the mandates and guidance those bodies provide.

The MCFs are committed to supporting capacity building to strengthen country ownership of climate activities and align our programming efforts for more effective delivery. We will work to align our capacity-building funding for developing countries while building on existing efforts to strengthen coordinated country planning.

We will promote knowledge exchange and joint communications to raise awareness of our activities and design and execute more impactful climate activities. We will have a joint presence at COP29 to profile our work and engage with our stakeholders.

The MCFs are only one part of the broader financial architecture. To respond to the climate crisis, a whole system approach where all actors work together is needed. We are committed to contributing to enhancing such a system-wide approach, working together as a system, and leveraging our resources to deliver the climate action we urgently need.

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CONTEXT

1. The COP28 UN Climate Change Conference in 2023 marked the conclusion of the first global stocktake of the world's efforts to address climate change under the Paris Agreement. The stocktake showed that progress was too slow, and much more is needed to reach net zero and adapt to climate impacts. A rigorous 'all-of-economy, all-of-society' approach is necessary across all systems and sectors.
2. In response, the four multilateral climate funds (MCFs) – Adaptation Fund, Climate Investment Funds, Global Environment Facility, and Green Climate Fund – made a joint declaration on 4 December 2023, pledging to strengthen the complementarity and coherence between the funds and move towards harmonizing the procedures to improve and streamline modalities of access to finance.
3. As part of this declaration, the MCFs committed to developing a concrete action plan with specific proposals for consideration and support from our governing bodies to deliver an endorsed action plan in time for COP29. Both the declaration and the action plan reflect a clear recognition among the MCFs of the urgency to collectively address the growing impacts of climate change on developing countries, and the imperative to put developing countries needs at the centre of MCFs' efforts. This action plan on complementarity and coherence aims to avoid duplication of efforts, enhance collaboration, streamline processes, and ensure that MCFs work together effectively towards common goals and achieve greater collective impact in combating climate change.
4. The action plan will build upon the established partnership on complementarity and coherence between the MCFs, as articulated in our commitment at COP26 to collaborate to accelerate the transition to a green, inclusive, and resilient economy. The partnership has already begun exploring synergies in programming, monitoring, evaluation, and learning (MEL), as well as communication and outreach initiatives.
5. The four MCFs have unique mandates and comparative advantages as follows:
 - (a) Adaptation Fund (AF) – has since 2010 committed over US\$ 1.2 billion for 168 concrete climate change adaptation projects and programmes in the most vulnerable communities of developing countries around the world with over 43 million total beneficiaries. The Adaptation Fund serves the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, to respond to developing countries' urgent needs and priorities. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up. It also pioneered Direct Access and Enhanced Direct Access, empowering countries to access funding and develop locally-led projects directly through accredited national implementing entities.
 - (b) Climate Investment Funds (CIF) – For over 16 years, CIF's risk-patient, catalytic approach has been dedicated to accelerating transformational climate action in developing countries through a proven country-led, programmatic model. The CIF operates through six Multilateral Development Banks (*World Bank, International Financial Corporation, Asian Development Bank, African Development Bank, Inter-American Development Bank and the European Bank for Reconstruction and Development*) to pilot, scale, and replicate investments to stimulate markets for cutting-edge, low-carbon, climate-resilient solutions in support of emerging markets and developing economies (EMDEs) including marginalized and vulnerable populations (women, youth, IPLC, etc). To date, donors have pledged over US\$ 12 billion to the Fund, of which its committed capital of US\$7.4 billion has mobilized more than US\$64 billion in additional financing, in over 70 countries. Recognizing the urgency of the climate crisis, successive G7 and G20 presidencies, in addition to EMDE ministers, have recently reconfirmed their commitment to CIF's mandate.
 - (c) Global Environment Facility (GEF) – is a family of funds with 186 member countries dedicated to confronting biodiversity loss, climate change, pollution, and strains on land and ocean health. Its grants, blended financing, and policy support help developing countries address their biggest environmental priorities and adhere to international environmental conventions. The GEF serves as an operating entity of the financial mechanism of the UNFCCC, the Paris Agreement and several other multilateral environmental agreements. Over the past three decades, the GEF has provided more

than US\$25 billion and mobilized US\$138 billion in co-financing for more than 5,000 national, regional, and global projects.

- (d) Green Climate Fund (GCF) – GCF’s mandate is to foster a paradigm shift towards low-emission, climate-resilient development pathways in developing countries. GCF operates through a partnership model, working directly with local, national, and regional organizations that are close to the ground in developing countries, as well as with international entities. As well as working with the public and non-profit sectors, GCF works with private sector partners (both international and domestic) to accelerate capital deployment. GCF has a portfolio of US\$ 13.9 billion (US\$ 53 billion, including co-financing), delivering transformative climate action in more than 120 countries through a flexible range of financial instruments, including grants, concessional loans, equity, guarantees and results-based payments. It also has a readiness support programme that builds capacity and helps countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serves the 2015 Paris Agreement.

6. Our unique mandates, risk appetite, experience, innovative approaches, and a blend of grants and concessional funds strategically place our institutions in the broader climate finance architecture, contributing to the entire system’s efficient and effective delivery.

7. MCFs play a crucial role in the climate finance architecture by providing vital grants and concessional finance that contribute to unlocking much wider resources needed for climate action in this critical decade. MCFs work with a wide range of partners and, through our strategic investment, can catalyze domestic capital through national and regional development banks, private sector finance by de-risking their investment, and MDB finance by contributing to the ongoing reform. Our enhanced complementarity and coherence efforts can contribute to setting up robust climate country platforms built on principles of country ownership and driven by ambitious national climate plans and strategies. Our existing programming efforts in different parts of the world and experience supporting country-wide transition and resilience plans provide a sound basis for this effort.

8. Our enhanced partnership will build on our shared understanding of complementarity and coherence concepts, as described in the sections below. We will work to complement each other in our programming efforts by strategically sequencing our investments and actively seeking opportunities to scale up efforts to produce an enhanced impact for a given country or region. We will also work to build coherence among our policies, processes, and procedures, working towards their harmonization where feasible. We will learn from each other, using best practices to streamline our processes and simplify application procedures.

STRATEGIC VISION

9. The Multilateral Climate Funds’ strategic vision is to **enhance access to climate finance** and **increase the impact of our work** in support of developing countries’ climate goals. We are committed to **working together as a system** in a coordinated way and playing **an enabling role** in the international financial architecture so that it is fit for responding to the urgent and growing challenges of climate change.

10. In pursuit of this vision, we are guided by the following principles, which provide a framework to steer our collaboration, guide decision-making, and ensure the effective implementation of the action plan.

- (a) **Accountability:** This principle emphasizes the importance of holding all parties accountable for their commitments and outcomes. Engaging with the MCFs’ governing bodies ensures oversight and adherence to agreed-upon commitments, enhancing credibility and trust.
- (b) **Transparency:** Transparent communication and decision-making processes are essential for building trust and credibility among MCFs, our governing bodies, and stakeholders. Clear reporting mechanisms demonstrate progress, facilitate informed decision-making, and ensure accountability to all involved parties.
- (c) **Flexibility:** Recognizing the evolving nature of the climate agenda, flexibility is crucial for adapting actions to changing circumstances and emerging evidence. Processes allowing for timely adjustments

enable the MCFs to remain responsive and effective in achieving complementarity and coherence amidst evolving challenges.

- (d) **Inclusivity:** Prioritizing active consultations and stakeholder engagement ensures that diverse perspectives and voices are heard and incorporated into decision-making processes. This promotes ownership, legitimacy, and effectiveness of the action plan by considering the needs and priorities of all relevant stakeholders.
- (e) **Recognition of diversity:** Each MCF operates with its unique mandate, objectives, and governance structures. Acknowledging and respecting these differences is essential for promoting effective collaboration and maximizing the collective impact of MCFs. It is understood that specific actions may be implemented by only some MCFs based on their specific mandates and priorities.

ACTION PLAN

- 11. The action plan is structured in five sections aiming to achieve the following outcomes:
 - (a) **Profiles, policies & processes:** Increased complementarity across the four MCFs by clarifying our investment profiles and identifying policies and processes conducive to streamlining and facilitating access.
 - (b) **Capacity building & programming:** Enhanced coherence and complementarity of MCFs' capacity building and country programming approaches for increased impact.
 - (c) Elevated **knowledge exchange and communications** among MCFs, developing countries, and programming partners to improve access to high-quality climate knowledge and facilitate understanding of how to access climate finance from MCFs.
 - (d) **The international financial architecture:** Collective engagement and leverage of MCF influence and resources within the broader climate finance architecture to contribute to ensuring the system is fit-for-purpose to respond to the climate crisis, mobilizing more resources, and contributing to increasing climate finance delivery to developing countries.
 - (e) **Coordination and implementation:** structured coordination between the MCFs to ensure effective delivery and reporting on the action plan and ongoing cooperation to deliver climate finance to developing countries efficiently.

- 12. A table within each section divides the actions into three time horizons: short, medium, and longer-term. Short-term refers to activities that are targeted to be undertaken by COP29. Medium-term refers to activities conducted by 2026, whilst longer-term activities are targeted for 2027 and beyond. Most of the actions within the plan will be undertaken by all four funds together. However, given the different mandates and business models of the MCFs, some actions will be undertaken by two or more Funds as indicated. As our work progresses, the MCFs will treat the action plan as a "living document", with a view to modify or include additional actions as agreed on the consensus basis among the MCFs.

I. Profiles, policies, and processes

- 13. Each Fund has its own distinct mandate, policies, and operational modalities within the climate finance architecture. The MCFs commit to clarifying our distinct and differentiated roles, enhancing complementarity between business models and modalities, and striving to harmonize processes where possible to facilitate and simplify access to climate finance. We will develop a mapping matrix of the operational and programming cycles of each fund and investment profiles that compare the profiles and features of each Fund. This work is expected to facilitate efforts to support harmonization and simplification of procedures between the Funds. The MCFs will build on existing exchanges on indicators and results management, sharing knowledge, analyzing the feasibility of harmonizing indicators, and engaging with other

financial institutions to promote common approaches. Policies relating to gender and social inclusion will also be mapped to identify opportunities to ensure meaningful participation.

Area #1: Profiles, Policies and Processes
Short-Term (BY COP29)
<p>Programmatic processes: Develop a mapping matrix of the operational and programming cycles of each Fund based upon common ‘building blocks’ that compare how to access funding from each MCF.</p> <p>Results: Existing collaboration will be reinforced by creating an MCF working group on Indicators and Results Management, which will share knowledge between the Funds.</p> <p>Results: Strengthened and coordinated engagement of the MCFs with the IFIs/MDBs working group on results, including GHG methodologies and adaptation indicators.</p>
Medium-Term (Up to 2026)
<p>Investment profiles: Joint publication providing a comparison of the profiles and features of each MCF.</p> <p>Results: Feasibility assessment to identify opportunities to harmonize results indicators, including those related to GHGs, adaptation, just transitions, and gender and social inclusion, and to map better how the MCFs contribute to the achievement of global climate goals, including the Global Goal on Adaptation.</p> <p>Gender and Social Inclusion: Mapping policies related to inclusion to articulate common elements and opportunities to ensure meaningful participation, including for indigenous people and women.</p> <p>Accreditation and reaccreditation: Based on the ‘building blocks’ comparison analysis, and in the context of the AF-TERG Accreditation Evaluation, GCF accreditation framework/strategy, and the GEF review of accredited agencies, AF, GCF, and GEF will examine and identify opportunities for more significant simplification and harmonization to the accreditation/reaccreditation processes to relevant Funds. CIF will explore accreditation issues as required and consider lessons learned from the other Funds.</p> <p>Operational processes: Identify opportunities for simplification and harmonization of processes, including concerning project-related procedures, by convening a working group on operational processes.</p>
Long-Term (2027+)
<p>Strategy development: Strengthen the engagement and consultation processes across the MCFs, including sharing information and providing input, in the context of strategy development and explore synergies to strengthen the strategic development of each Fund.</p>

II. Capacity building and programming

14. The MCFs are committed to supporting capacity building to strengthen country ownership of climate activities and programming efforts for more effective delivery. MCF activities include providing technical and financial assistance to strengthen the capacity of national and regional stakeholders, as well as collaboration

on planning and programming efforts. The MCFs will continue to collaborate to enhance the complementarity and coherence of our respective programmes, as well as to build on existing efforts to support the development and implementation of country strategies and plans, including, but not limited to, NDCs, NAPs, and LTS.

Area #2: Capacity building & programming
Short-Term (BY COP29)
<p>Stronger coordination of capacity-building support for country planning for NDCs, NAPs, and LTS, including enhanced complementarity in using readiness funding and other capacity-building funds.</p> <p>Supporting country-driven investment planning: Coordinating efforts to support the development of country-owned investment plans.</p> <p>Collaboration on thematic and geographic programmes: Engage in consultations across the MCFs on coordinating geographic and global thematic programs.</p>
Medium-Term (UP TO 2026)
<p>Country-led Platforms:</p> <p style="padding-left: 40px;">Elaborate the added-value of MCFs to the development of and engagement with country platforms in the broad climate finance architecture context.</p> <p style="padding-left: 40px;">Explore opportunities to contribute and/or lead to one or more country platforms in a coordinated manner with public and private stakeholders.</p> <p>Capacity-building: Leveraging country engagement channels and implementing joint capacity-building / training for stakeholders in countries, including on gender mainstreaming, inclusion, and other priority areas.</p>
Long-Term (+2027)
<p>Coordinated technical assistance: Align longer-term technical assistance funding, including capacity building and project preparation funds, to provide support to countries for climate investment planning and project preparation, including to local/national partners.</p>

III. Knowledge Exchange and Communications

15. The MCFs are committed to knowledge exchange and joint communications to raise awareness of our activities and design and execute more impactful climate activities. We undertake to develop knowledge tools that will facilitate the exchange of information about our respective projects and activities, promote transparency, and share lessons learned. We will create impactful communications that raise awareness about the value and impact of the MCFs. Through a joint pavilion and common events, we will ensure joint visibility for the MCFs at COP29 and other key events. By sharing knowledge and communicating together as MCFs, we aim to increase the impact of our work.

Area #3: Knowledge exchange and communications

Short-Term (BY COP29)

Joint engagement at COP29: Organize a joint pavilion and side events at COP29 to profile the work of the MCFs, building on the experience of our collaboration at COP28.

Medium-Term (UP TO 2026)

Joint project explorer platform: Design a common project explorer platform using innovative tools to increase access to and transparency of information regarding MCF projects through a phased approach. This will start with a foundational library platform that gathers information about our ongoing projects.

Communication and knowledge products: Coordinate the development of and/or jointly develop communication and knowledge products, including:

Knowledge products to help guide recipients, contributors, and investors to engage with the MCFs to improve understanding and overall engagement.

Joint annual reporting of MCFs' contribution to the climate finance architecture and results within countries.

Joint dissemination products on case studies and lessons learned on specific sectors/topics, building on evaluative and monitoring evidence.

Joint public engagement: Coordinate engagement at major international events, such as COPs.

Gender and social inclusion: Create a knowledge product that analyses evidence on the social, economic and environmental benefits of strong gender and social inclusion elements within climate investments. This will identify success factors, best practices, and lessons learned to improve project design and implementation.

Long-Term (+2027)

Joint project explorer platform: Further development of the platform with innovative tools, building on the experience and lessons learned, including exploring opportunities to use data to support strategic planning and investment decision-making.

Developing knowledge on innovative approaches: Explore cutting-edge financial and innovative tools and practices to support climate action.

IV. The International financial architecture

16. The MCFs recognize that whilst they play an important role in support of global efforts to combat climate change, there is a need for a whole system approach to respond to the climate crisis. The current international climate financial architecture needs to be developed to keep “fit-for-purpose” and address the growing multiple challenges. A shift to a system-wide climate finance architecture where all actors work together and better in a more synergized and harmonious way is needed. As such, the MCFs are committed to increasing complementarity and cohesion between the climate funds and contributing to enhancing the wider system. The MCFs are committed to engaging with other financial institutions to promote complementarity and coherence. More resources must be mobilized for climate mitigation and adaptation, and MCFs must ensure that our resources are used to foster the changes needed to deliver the climate action we need.

Area #4: The International financial architecture	
Short-Term (BY COP29)	
Role of MCFs:	Joint communication to outline MCFs’ role within the broader climate finance architecture and in the framework of the implementation of the New Collective Quantified Goal (NCQG) once agreed.
Medium-Term (UP TO 2026)	
Role of MCFs:	Informed by discussions on international climate finance architecture, conduct an analysis on the added-value of MCFs as delivery mechanisms compared with others, including elements of concessionality, ease and speed of access, and mobilizing capital and action in the broader climate finance architecture alongside MDBs and the private sector.
Capital mobilization:	Conduct an analysis of the challenges and opportunities, through the experience of the MCFs, of participating in blended finance and co-financing structure and other innovative financial structures in support of the reforms of the international climate finance architecture.
	At domestic levels: Conduct an analysis on how MCFs can help capture and leverage the potential of domestic capital mobilization, including local currency funding through domestic financial institutions and pension funds, as well as public spending and green budgeting.
Long-Term (+2027)	

V. Coordination and implementation

17. The MCFs are committed to an ongoing, long-term collaboration based upon the Funds working together as a system. An enhanced coordination mechanism is required to ensure the effective implementation of the action plan and promote accountability, transparency, and collaboration among MCFs. Accordingly, the following governance mechanisms are established:

- (a) The **Heads of MCFs Committee** will meet four times a year, two in person and two virtually, to provide strategic oversight and direction, including priorities for implementing the action plan, review

collaboration and progress in implementing the action plan, approving revisions to the action plan and address challenges in achieving outcomes. The Committee may organize meetings of the Co-Chairs of the governing bodies of the MCFs to share progress and seek feedback on the implementation and update of the action plan, and on how to strengthen collaboration between MCF governing bodies.

(b) A **Task Force** is established to oversee and coordinate the implementation of the action plan. It comprises up to three representatives from each of the MCF Secretariats. The Task Force will provide guidance, monitor and review the progress of the action plan, recommend revisions of the action plan to the Heads of MCFs Committee, and address any challenges during implementation via regular meetings.

(c) The Heads of MCFs Committee may create **working groups** to deliver on specific actions of the plan, building on the current collaboration in place on various topics across the four Funds.

18. Regular joint reporting mechanisms will be established to provide updates on implementing the action plan to MCFs' management, governing bodies, and the wider public. The Committee of MCF Heads will review the implementation of the action plan and, based on the reporting and feedback from the governing bodies, update the plan to develop complementarity and coherence activities to strengthen the coordination of the MCFs.

Area #5: Coordination and Implementation

Short-Term (BY COP29)

Coordination: Establish a coordination mechanism, including agreeing on Terms of Reference for Heads of MCFs Committee, Taskforce, and working groups.

Coordination: Heads of MCF Committee meetings will be held following the agreed Terms of Reference to steer the finalization and implementation of the action plan. The Task Force and existing working groups, including those on COP/communications, will meet to undertake the first actions under the plan. The Committee may organise meetings of the Co-Chairs of the governing bodies to share progress and seek feedback.

Implementation: in the period up to COP29 the MCFs undertake to coordinate their activities to ensure delivery of the actions as referenced in the action plan, whilst recognising that revisions may be required to the action plan further to the consultations with governing bodies.

Medium-Term (UP TO 2026)

Implementation: Annual reporting published on the implementation of the action plan. A joint annual progress report will be prepared and submitted to the governing bodies yearly. It will include the progress of the action plan, challenges encountered, and lessons learned. The annual report will include recommendations for adjustments to the action plan (e.g., actions, timelines, responsibilities) as needed based on evolving circumstances and emerging evidence.

Implementation: Further working groups will be created as needed to implement the action plan.



Long-Term (+2027)

Coordination: the Heads of MCFs Committee will continue to review the implementation of the action plan and, based upon the reporting and feedback from the governing bodies, will continue to update the plan to develop complementarity and coherence activities to strengthen the coordination of the MCFs.