



**GREEN
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Synthesis of Board submissions for the review of the Strategic Plan of the Green Climate Fund – Addendum I

Compilation of Board Submissions

Summary

This addendum provides a compilation of the original Board submissions for the review of the Strategic Plan from: the constituency of Finland Hungary Switzerland, US, Japan, Denmark Netherlands and Luxembourg, SIDS, Germany, Sweden, and the UK.

Input by BM Satu Santala on behalf of the constituency consisting of Finland, Hungary and Switzerland

General comments:

The SP was prepared and agreed at the time when the fund was still in its early stages and covers the IRM period. Therefore, the SP is geared towards goals and actions related to setting up the fund, building up the capacities in the fund and within its network as well as building up the project pipeline. Currently the portfolio of approved projects has reached 4.6 billion USD, the number of staff and therefore the capacities at the secretariat have considerably increased. There is also a considerable number and variety of accredited entities.

The **update of the SP should therefore take into account the stage where GCF is currently at** and strive for enhancing the efficiency and effectiveness of structures and processes (including shortening the time between project approval and initiating implementation), improving and increasing transparency of governance mechanism, as well enhancing the quality of the Fund's project portfolio, and thereby results/impact.

There have been extended Board discussions on institutional aspects, programming priorities and policy reforms. These should be reflected in the draft revised strategic plan. In addition, the **update should also take into account and build on the results from the envisaged performance review**. Policies and processes should then be revised and amended if needed. The ambition should be to make the GCF a Gold Standard organization setting the bar high through its policies, project selection criteria and effective as well as efficient project cycle management.

To be reflected in the updated Strategic Plan:

- **Complementarity:** Initial steps towards ensuring complementarity to other funds (GEF, AF, CIFs amongst others) have been undertaken during the IRM. In future, the GCF should go beyond funds in enhancing complementarity, since more and more international organizations, especially the MDBs have decided to scale up their climate investments.
- **Paradigm shifting institution:** The GCF should aim to become the institution promoting paradigm shift as stipulated in the Governing Instrument. Programming priorities and financial conditions need to be further defined. The action plan should now move from focusing on pipeline development to securing the follow up of the projects under implementation and knowledge management in the fund. Projects under implementation need to be duly followed and lessons learned from the projects should feed into the policy and project development. In the pipeline management we need to aim for higher quality and more stringent prioritization. The GCF has adopted a Risk Management Framework. This should be reflected in the definition of the risk appetite to be outlined in the Strategic Plan.
- **Results measuring and reporting:** As GCF operations mature, reporting on actual results (rather than expected results) becomes critical. This has also implications on reporting requirements (i.a. on expected results against targets at the approval stage, and report on actual results at midterm and at the end against targets).
- **Programming priorities and investment criteria:** Programming priorities and more detailed investment criteria are needed. Recipient countries and implementing agencies need better indications about the GCF's scope/goals. Selectivity in its focus (competitive advantage towards other funds) and clarity on what the GCF does and what it does not finance should be provided. Besides providing more clarity on programming priorities similarly it would be useful to provide more guidance on which financial instruments and conditions fit best in different country circumstances.
- **Predictability:** The STAR of the GEF (system for transparent allocation of resources) has been beneficial for countries with lower capacities by levelling part of the playing field. The GCF should consider which measures it could take to enhance predictability, fair distribution of resources as well as country ownership at the same time.
- **Accreditation:** The GCF itself and its network through AEs, NDAs etc. has grown. We need to ensure that a quality network of partner institutions is delivering professionally and efficiently on the mandate of the Fund. It needs to be ensured that GCF is a reliable, predictable and

accessible institution for interested partner institutions be it private or public, international, regional and national. The accreditation system is one of the structures that require thorough analysis and might call for an overall revision. Accreditation to the GCF is a long and resource intense process. The current path of an unlimited number of accredited entities is not sustainable. We need to ensure that the GCF has a balanced network of partners, and the GCF projects and programmes do benefit those most in need while at the same time maximize the results, as per GCF's vision. We need to analyze which structures enable us to have effective and sustainable working relationships with e.g. the NDAs, and allow efficient use of scarce resources, e.g. for capacity building for AEs.

- **Private Sector Engagement:** Private Sector Engagement is key for the GCF. The Private Sector Facility (PSAF) has grown – in terms of staffing and project portfolio – and there has been considerable learning with respect to private sector engagement of the Fund. The private Sector Advisory Group (PSAG) has provided recommendation on a variety of topics, including outreach; forestry; adaptation; LDCs and SIDS. The PSAG has also highlighted the paramount importance for timely GCF decisions allowing timely decision of private financiers. All these learnings and recommendations shall be duly reflected in the revised Strategic Plan, in order to make the GCF a reliable, competitive and competent partner for the private sector.
- **GCF as employer:** Finally, we need to make sure that highly qualified GCF staff continues to be engaged and motivated to work and continue working for the fund.

United States Submission to the Update of the Green Climate Fund Strategic Plan

This submission responds to the Green Climate Fund (GCF) Board Decision B.21/18, which invites members of the Board to send inputs on the update of the Strategic Plan. In this, the United States intends to provide initial reflections to improve the strategic plan to reflect to the Fund's operational status. Importantly, when the Strategic Plan was drafted and approved by the Board in 2016, the GCF was just beginning to signal expectations for the Fund to governments, civil society the private sector and other stakeholders. Given the GCF's established record of accomplishment, the updated strategic plan should address key governance challenges that affect GCF ability to meet its objectives as set out in the Governing Instrument.

Process – We expect the Board's revisions to the Strategic Plan, including its Action Plan, will be iterative and inclusive of active observers and accredited observer institutions. We would like to ensure that the Board will have the opportunity to consider additional inputs before it completes its deliberations, noting that:

- (1) The GCF Board requested the Independent Evaluation Unit to initiate a review of the performance of the GCF in Board Decision B.21/17; and
- (2) The Board did not invite active observers and accredited observer institutions to provide submissions for the update of the Strategic Plan.

Structure and Framework – The structure of the strategic plan effectively outlined a strategic vision and operational priorities, with an action plan to achieve them. We suggest this structure should remain intact.

Strategic Vision – The Strategic Vision for the GCF should focus on responding to the objectives outlined in the Governing Instrument and in playing to the GCF's comparative advantages, as articulated in the current plan.

Operational Priorities and Action Plan – The GCF's operational priorities and the related action plan will require significant modification in the updated strategic plan. Key policy and governance reforms are necessary to achieve the GCF's strategic vision to ensure that the GCF is a reliable partner that can provide high quality, efficient services to countries and institutions with which it works:

- Address key governance challenges that have prevented the GCF from operating as an effective financial institution:
 - *Decision Making in Absence of Consensus* - The Board requires a process to enable decision-making in the absence of unanimity. This would be consistent with best practice for governing bodies and is mandated by the Governing Instrument.
 - *Decision-making between meetings* – The Board must have an efficient and reliable way to conduct business between meetings. For time-sensitive matters, small/low-risk projects and non-controversial administrative decisions, there should be a mechanism to approve minor policies and projects by non-objection, thus focusing Board meetings more on institutional and strategic issues requiring Board-level discussion.
 - *Allow Board members to designate advisors and subject matter experts to participate in Committees on behalf of Board members* – The current rules prohibit such participation, impeding the function of key committees. Board members are often unavailable or are not the subject matter experts most suitable for engaging during

calls or meetings. Such a change would be in line with current practice at other, similar institutions and would strengthen the effectiveness of the Board and therefore the Institution.

- *Two-Year Advance Selection of Board Meeting Dates* – The Board has difficulty scheduling meetings and regularly changes meeting dates with little notice, and frequently schedules over significant religious and national holidays. By scheduling only weeks or months out, many Board Members, advisers, accredited entities, and observers struggle to attend – a threat to the smooth functioning of this institution.
- Complete GCF Integrity and Safeguard Policies and accompanying documents necessary for implementation to ensure the GCF is aligned with best practice of other similar institutions. This includes the AML/CFT policy: the GCF must complete all documents, including Standards and Standard Operating Procedures, necessary for implementation.
- Maximizing GCF Impact:
 - *Establish Criteria for Proposal Prioritization* – The GCF must prioritize proposals to ensure the most effective and efficient use of funds and to balance country demand with GCF objectives. The Board should develop these criteria for the Secretariat, while acknowledging that proposals should be evaluated on their merits.
 - *Approve a Programmatic Approach Policy* – The GCF needs a strong programmatic approach policy to ensure that Programs are held to the same standards as projects at all stages of the GCF cycle including proposal development, approval, and implementation. This should provide clarity to those who will develop or submit proposals. A policy would help improve the quality of the programs submitted to the GCF and ensure that there is policy continuity across the GCF proposal modalities.
 - *Readiness and Preparatory Support Programme* – We need a strategy for the Readiness program that reflects the findings of the Secretariat and IEU reviews. This should provide an updated vision for the programme and simultaneously address oversight in place to ensure the fund operates with fiscal accountability and restraint and is able to achieve strong results.
- Improve and increase private sector engagement:
 - *Respond to Private Sector Advisory Group (PSAG) Recommendations* – The PSAG provided many helpful recommendations on how to improve GCF engagement with the private sector. Considering these recommendations is key to improving efficiencies, valuing private sector engagement, and catalyzing private sector investment.
 - *Develop an Evolving Private Sector Strategy* – We recognize that the Private Sector Facility (PSF) is developing a private sector strategy. The PSF, in collaboration with GCF Senior Leadership, should continually work to address institutional barriers to private sector engagement. The Secretariat should consider GCF policies in a holistic, integrative manner.

Input on the review of the Strategic Plan

Hiroshi Matsuura, Board member

It is my pleasure to provide my input for the update of the GCF Strategic Plan as a part of the preparatory work for the first formal replenishment process.

While I consider that “the Board’s Strategic Vision for the GCF” of the current Strategic Plan could basically be maintained with some update, I would propose to indicate forest-related considerations into a basic philosophy of the updated Strategic Plan.

The updated Strategic Plan needs operational priorities for the first replenishment period. In the IRM period, approval of funding proposals was prioritized since it was considered the most important in order to make the GCF operational. From this point of view, the approval target of USD2.5 billion was set for 2016. Now, approved funding proposals came to 93, total amount of the approved GCF financing amount USD 4.6 billion. In the first replenishment period, the GCF should focus on implementation and disbursement of the approved projects. Such projects should be reviewed which have not been undertaken for certain period after the Board approval. More effective and efficient resource management is necessary from the long- and mid-term view by pipeline management and financial planning.

From this point of view, the updated Strategic Plan should include as Action Plan:

Decision-making

--Decision-making process in absence of consensus,

Policies related funding proposals

--Cancellation and restructuring policy,

--Co-financing policy,

--Policy for program-type funding proposals,

--Efficient use of funds through a guidance on concessionality, promoting non-grant instrument (loan, guarantee, equity) and a policy for issuing bonds,

Planning and approval process of funding proposals

--Accelerating the approval process of funding proposals,

- Guideline for funding proposals jointly proposed by more than one AE,
- Guideline for further accreditation (set a ceiling on number of AEs?),

Further mobilization

- Promotion of private finance mobilization for REDD+ activities in cooperation with bilateral and multilateral forest-related schemes.

Submission from the Denmark Netherlands Luxembourg Board seat

We welcome the opportunity to provide input into the revision of the strategic plan as part of the replenishment process. Although the vision and the operational priorities might still be valid to a large degree, we are of the opinion that it is important to allow enough time to have the recommendations from the review taken into consideration in the update of the strategic plan to ensure a well thought-through revision.

We wish to note that at the time of the IRM, a pipeline needed to be built. The fund has now advanced to a situation where a pipeline of projects is available, and the focus should shift to delivering quality, especially with a view to realizing the paradigm shift and the transformational aspirations of the Fund. Furthermore, we should welcome a stronger emphasis on a programmatic approach in the strategic plan.

It is important to continue maximizing the engagement with the private sector and we are of the opinion that PSAG should have the opportunity to provide inputs both in the strategic plan and in the replenishment process (as during the organizational meeting in Bonn).

Efficiency of operations, also of the functioning of the Board, should be a key factor in the revised strategic plan. Efficiency improvements in the procedures for the FPs have begun but could be enhanced. The same applies to Board procedures. A more efficient Board with fewer and shorter meetings, as well as clear procedures for taking decisions in between meetings and when there is no unanimity in the Board, should be incorporated in the revised plan.

The accreditation process is cumbersome, and a significant part of the AEs have not yet presented any FPs. Therefore, we welcome streamlining of the accreditation process as well.

Lastly, we encourage the Fund to continue working closely with AEs and countries to ensure country ownership by establishing efficient procedures, by broad stakeholder participation in the development and implementation of projects, and by capacity building on the ground.

SIDS inputs to the update of the Initial Strategic Plan for the GCF

I. Mandate

Decision B.12/20, in which the Board endorsed the Initial Strategic Plan of the GCF, in paragraph (j) “*Decides* to review the Fund’s Strategic Plan as part of each replenishment process with a view to revising the strategic vision, if and as needed, and to update the core operational priorities and underlying action plan for the coming replenishment cycle, taking into account evolving priorities, including guidance from the Conference of the Parties and relevant reports from the independent evaluation unit.”

Decision B.21/18 “*Decides* to launch the process for the Green Climate Fund’s first formal replenishment” and has mandated a series of preparatory work to support the organization of the replenishment process.

Through paragraph (u), the same decision invites members of the Board to send inputs on the update of the Green Climate Fund’s Strategic Plan to the Secretariat by 30 November 2018, in order for the Secretariat to produce a synthesis of issues for consideration by the Board at its twenty-second meeting.

II. Overarching/ cross-cutting comments

SIDS welcome the opportunity to submit views on the update of the GCF’s initial strategic plan, which was endorsed by the Board as “a living document [...] to guide the Board in addressing policy gaps and programming the Fund’s resources of the Initial Resource Mobilisation period between 2015 and 2018 and to invest the Fund’s resources in transformational climate actions in a country-driven manner (decision B.12/20, paragraph (a)).

We note that with the completion of the first resource mobilization period and launch of the first formal replenishment, the GCF moves towards a new phase of its operationalization, at a time when the latest science on the impacts of 1.5°C of global warming and related GHG emission pathways, as reflected in the IPCC 1.5°C Special Report, confirms the urgency for the GCF to fulfil its transformational mandate and objective.

In accordance with decision B.12/20, paragraph (j), the synthesis of issues for consideration by the Board at its twenty-second meeting, to be prepared by the Secretariat in accordance with B.21/18, paragraph (u), should take into account:

- Relevant guidance from the twenty-fourth Conference of the Parties;
- Relevant findings and recommendations from the independent evaluation unit; and
- Relevant findings from the IPCC’s 1.5°C Special Report and related decisions by the Conference of the Parties.

With regard to the IPCC’s 1.5°C Special Report, we urge the Board and the Secretariat to consider scientific findings and evidence contained in the Summary for Policymakers that are relevant for enhancing our understanding of the GCF’s mandate and objective when updating and implementing the GCF’s strategic vision and core operational priorities for its next programming phase.

Specifically, projections of Paris Agreement consistent GHG pathways and future climate-related impacts, as well as related system transitions, provides new insight on:

- 1) the nature, scale, and timeframes of “the urgency and the seriousness of climate change” and the “global efforts towards attaining the goals set by the international community to combat climate change”, as contained in paragraph 1 of the GCF Governing Instrument;
- 2) the nature, scale, and timeframes of “low-emission and climate-resilient development pathways”, the “paradigm shift” towards such “pathways”, the related “context of sustainable development”, and the resulting “needs of those developing countries particularly vulnerable to the adverse effects of climate change”, as stipulated in paragraph 2 of the GCF Governing Instrument;
- 3) the nature, scale and urgency of increased adaptation and mitigation investments;
- 4) urgency for ambitious and transformational mitigation and adaptation actions¹ and for increased adaptation and mitigation investments², as mandated in paragraphs 2 and 3 of the GCF’s Governing Instrument; and
- 5) the urgency for enhanced international cooperation as a critical enabler for developing countries and vulnerable regions to strengthen their action for the implementation of 1.5°C consistent climate responses, including through enhancing access to finance and technology and enhancing domestic capacities, taking into account national and local circumstances and needs; and
- 6) the urgency to rapidly shift financial flows towards Paris Agreement consistent development pathways;

Further, the above mentioned findings and underlying Paris Agreement compatible scenarios should inform the strategic programming document to be prepared by the Secretariat in line with decision B.21/18, paragraph (i) (iii) with the aim of “outlining scenarios for the Green Climate Fund’s replenishment guided by ambitious mitigation and adaptation scenarios based on the Green Climate Fund’s implementation potential, taking into account the needs of developing countries, including actions based on nationally determined contributions, national adaptation plans, country programmes and other sources.” Based on this mandate and the latest science on 1.5°C pathways, the document should include assessment of the funding potential for the GCF.

The relevant draft decision for endorsing the updated strategic plan should request the Secretariat to prepare a proposal for how to integrate findings from the IPCC 1.5°C Special Report and related decisions of the Conference of the Parties into the operational policies and procedures of the GCF beyond replenishment, including the strategy and policies on accreditation and reaccreditation, the project approval cycle, the performance management framework etc.

¹ For example, the Summary for Policymakers (SPM) finds with high confidence that “future climate-related risks would be reduced by the upscaling and acceleration of far-reaching, multi-level and cross-sectoral climate mitigation and by both incremental and transformational adaptation” (A3.3).

² The SMP finds with high confidence that “limiting the risks from global warming of 1.5°C in the context of sustainable development and poverty eradication implies system transitions that can be enabled by an increase of adaptation and mitigation investments, policy instruments, the acceleration of technological innovation and behavior changes” (section D5).

III. Proposed update to the GCF's Strategic Vision - Fit for purpose for the implementation of the Paris Agreement

With the Paris Agreement Work Programme up for adoption at COP24 and the second round of NDCs due in 2020, the GCF's Strategic Vision for the next programming period should be to fit for purpose for the implementation of the Paris Agreement and promoting the paradigm shift of directing financing towards low-emission and climate-resilient development pathways. For GCF to be fit-for-purpose to respond to this unprecedented challenge of addressing climate change through international cooperation, it needs to:

- 1) develop a comprehensive resource mobilization strategy informed by the latest science and the urgent needs especially of the Small Island and Low-Lying Coastal Developing States;
- 2) set up institutional capacity to assist developing countries in accessing the Fund and transforming their national climate adaptation and mitigation plans, including NDCs and NAPs, into GCF investment plans and project pipelines with strong country ownership and a strong climate rationale.

a. Promoting the paradigm shift towards low-emission and climate-resilient development pathways

- 1) SIDS ability to achieve sustainable development in line with the 2030 Agenda will be severely compromised by the failure of the international community to take ambitious climate action to hold the increase in global average temperature to 1.5 degrees Celsius above pre-industrial levels (1.5°C). Reflecting upon the specific needs and circumstances of our countries that are particularly vulnerable to the adverse impacts of climate change, the often-abstract notion of "paradigm shift" should be operationalized in concrete terms to refer to actions that promote the transformation towards 1.5°C compatible development, enhance SIDS capacity to adapt to the adverse impacts of climate change and to address permanent loss and damage. This entails that the GCF should have a higher risk appetite than other funds, as achieving the paradigm shift requires the Fund to balance risk management against high impact transformative action. This is especially pertinent for SIDS who have unique and particular vulnerabilities: SIDS physical exposure and vulnerabilities to climate change impacts already negatively affect their debt sustainability and sovereign risk ratings, making it in turn more difficult to access concessional financing and more expensive to access funding at market rates.
- 2) Achieving a paradigm shift on national and sectoral levels requires strong national and regional institutional capacity and ownership. This encompasses the consistency of climate finance with national priorities, the degree to which national systems are used for both spending and tracking, and the engagement of a wide range of stakeholders³. For greater effectiveness of its interventions, the GCF should strengthen and enhance:
 - its readiness and preparatory support programme
 - use of its direct access modality, enhanced direct access pilot, simplified approval process

³ UNFCCC Standing Committee on Finance – 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report

- the accreditation of national and regional direct access institutions and upgrading to higher accreditation categories
 - private sector engagement in SIDS and LDCs
- 3) The GCF should use its transformational mandate assigned by the international community in order:
- a. to promote and test new and innovative approaches to climate financing, such as debt for climate swaps, climate-related insurance mechanisms etc. to promote the paradigm shift beyond GCF-funded activities accredited partner institutions, trustee, and the broader financial system through the mainstreaming of 1.5°C compatible low-emission and climate-resilient development criteria across its policies and procedures; and
 - b. to promote the use of the best available science on climate impacts in financial decision-making.

b. Supporting the implementation of the Paris Agreement within the evolving climate finance landscape

- 1) The initial strategic plan endorsed by the Board in decision B.12/20 established that “developing countries’ INDCs to the Paris Agreement are an important reference point for the Fund’s programming, as are National Adaptation Plans of Action, National Action Plans, Technology Needs Assessments and Nationally Appropriate Mitigation Actions.” This effort has to be significantly scaled up and accelerated, in particular:
- Support for development of NAPs under the readiness programme
 - Support for development of funding proposals that meet the GCF criteria based on national climate plans including NAPs, NDCs etc.
- 2) For the implementation of Article 9.9 of the Paris Agreement, a key priority should be continued efforts to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support, in particular for SIDS and LDCs in the context of their national climate strategies and plans:
- a. The establishment of an expanded simplified approval process based on the review of the simplified approval process pilot scheme that covers both the project origination and development phase, as well as the Board’s decision-making;
 - b. Further prioritizing the accreditation of direct access entities in SIDS;
 - c. Closing remaining policy gaps, in particular the two-stage approval process, guidelines for programmatic approaches etc.;
 - d. Enhanced integration of the project preparation support in the readiness programme
 - e. Improvement of the readiness programme based on results from the independent evaluation

c. Evaluation and learning as a cross-cutting priority

To achieve the vision of becoming fit for purpose for the implementation of the Paris Agreement, as a new and continuously learning institution, the GCF should learn from the findings of the Independent Evaluation Unit and make it a priority for the new programming period to assess how the can GCF be better and smarter at:

- Responding to country needs and building ownership
- Contributing to low- emission climate-resilient development pathways.

For this purpose, the GCF should urgently address the following identified gaps and shortcomings:

- **Readiness programme** needs a strategy (results, targets, vision) and needs to address questions of effectiveness, especially for priority country groupings;
- **Country ownership and country needs** need to be examined and validated;
- **Transformational ability:** Institutional capacities and replicability/scalability required
- **Process review is key:** GCF business model needs to be assessed.

The GCF should also learn from the lessons of other institutions in the climate finance landscape that have experience with financing concrete, country-owned climate change projects and programmes and strengthening national and regional capacities.

Submission from Germany

Many thanks for the opportunity to comment on the strategic plan.

From our view the following points are important to be considered for the update of the strategic plan:

- How can we ensure that the readiness programme empowers developing countries in such a way that bring project proposal forward that are in line with the nationally agreed main NDC priorities?
- What changes/requirements would be necessary in the project development cycle to achieve country ownership and enhance linkage between the selection of project proposals and national NDC implementation plans?
- How can the GCF use its funds more efficiently based on funding needs?
- The private sector is a key element to deliver on the GCF's targets of transformation and paradigm shift. The strategic plan should more directly promote sustainable financing structures and the efficient use of public sector funds while mobilizing private investments.
- GCF must become a thought leader and create the conditions for this to happen. We believe that in the future it is not just about innovative individual projects, but about developing 'lessons learned' from project approaches and about applying these at the portfolio level. It means we need better tools to share experiences across projects, but also that we need to develop best practices and benchmarks of Paris compatibility for specific project categories to examine new project proposals. We see very similar projects in certain categories and have to try to ensure that ambitions can be increased over time.

Submission from Mr. Lars Roth, Alternate Board Member for Sweden

Relating to the Secretariat's invitation to provide written inputs on the **Update of the Green Climate Fund's Strategic Plan** by 30 November 2018.

We very much welcome the update of the strategic plan. In our view the updated strategic plan needs to provide strategic guidance on a number of areas currently left unaddressed:

- 1) Bringing further clarity to the types of **projects** the GCF will support and the priorities and terms it will employ to maximize the impact of GCF's contributions to solutions that can overcome major climate change challenges the world faces. Capacity building in developing countries as well as how to maximize leverage from other financing sources are important elements within this context.
- 2) Setting out the GCF's strategic approach to **programming** its resources.
- 3) Seeking to define the kind of entities the GCF will prioritize to collaborate with (**accreditation**) in order to be able to maximize its impact and to deliver on its mandate of achieving true paradigm change. In this context, provide further guidance on whether there ought to be a limit on how many accredited entities the GCF can work with without negative impact on effectiveness and efficiency.
- 4) Improving **coherence** and **complementarity** of the GCF within the broader multilateral climate financing architecture. In this regard it is important to frame the strategic plan in a broader context. The GCF is a strategically important element in the global climate financing architecture – both by virtue of its size as well as its political standing – but it does not operate in isolation from other actors. Thus, the role and the responsibilities of the GCF vis-à-vis other climate financing deliverers need to be further defined.
- 5) Shifting from **billions to trillions** and how the GCF can contribute to shift investments outside its own investments to be aligned with the Paris agreement (e.g. through the ongoing baseline exercise which requires accredited entities to shift their investment portfolios away from fossil fuels in order to be considered for reaccreditation as well as through providing clear guidance to the Trustee on the financial management of funds held in Trust).
- 6) Strengthening the fund's **safeguards** and its transparency.
- 7) Strengthening **governance**: Decision making procedures in the absence of consensus and how the work of the Board can be further streamlined and become more strategic.
- 8) Strengthening and completing GCF's **MRV policies, procedures, and metrics** at each stage of the project cycle, from accreditation, to proposal design, review, implementation and verification, with a view towards enabling the Fund to effectively measure paradigm shift, and the transformational effects of its investments, in line with the governing instrument.

We believe that the strategic plan – to the extent possible – should take onboard recommendations from the forthcoming review of the GCF.

Furthermore, there is a need to update the Introduction and the Strategic Vision for the GCF considering the recent development and new reports that are implying an urgent need for actions.

“Limiting global warming to 1.5°C would require rapid, far reaching and unprecedented changes in all aspects of society”. (Press release 8 October 2018, IPCC-report Global Warming of 1.5°C ^[1])

^[1] Full name of the report: *Global Warming of 1.5°C, an IPCC special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of*

“The science is clear. Without rapid cuts in CO₂ and other greenhouse gases, climate change will have increasingly destructive and irreversible impacts on life on Earth. The window of opportunity for action is almost closed,” said WMO Secretary-General Petteri Taalas” (WMO Greenhouse Gas Bulletin, 20 November 2018)

This implies a need for GCF to analyze how it strategically can adapt to the need to half CO₂ emissions within the next 10-15 years and at the same time support innovative approaches to mobilize resources for adaptation projects and integration of adaptation measures in all investments.

Examples of broader issues that should be covered and analyzed as they have implications for the Operational priorities in the Strategic plan of the GCF as well as the role of the GCF vis-à-vis other actors and stakeholders are:

- Phasing out of fossil fuel subsidies
- Green economy, CO₂ taxes and other (tax) incentives at a macro level
- Increased focus on resource efficiency and especially energy efficiency
- The inclusion of life cycle costs in project assessments
- Not just cutting-edge climate technology but also cutting-edge reforms etc. to influence behavioral changes needed for a low carbon life-styles (around one-ton CO₂e per capita/year)
- Influencing the large pension funds, insurance companies and other funds to exclude fossil fuel investments and integrate adaptation consideration in all their investments

Submission from the UK

Please find below UK comments on the strategic plan.

On the whole we consider the GCF's strategic vision still relevant, and the Fund has made significant progress towards meeting many of the priorities laid out in the Strategic Plan. However there is still work to do, much of which is noted in the 2017 report on the implementation of the strategic plan (GCF/B.19/10). We suggest that the updated strategic plan i) make reference to the more mature phase of operation that the GCF is entering and, as highlighted in the 2017 report, the fact that the Fund has quickly achieved results at scale, and ii) recognises that the next phase should concentrate on increasing quality and thereby the impact of its investments.

To that end, we suggest that an update to the Strategic Plan should incorporate the following:

- Continued emphasis on maximising the Fund's impact and achieving results, including through:
 - Increasing the use of strategic programmatic approaches, including targeting activities [i.e. at the regional, economic sector, or broad development theme level] where GCF funds can have the greatest effect (this could be informed by analysis carried out for paper on targeted investment (GCF/B.20/INF.15), paper on expected role and impact (GCF/B.09/06), and findings from the CIF's evaluation of their programmatic approach]. We agree that bringing coherence to the way programmatic funding proposals are managed by GCF is important, as is greater relevance of programmes to NDC implementation.
 - Increasing impact through the targeted use of appropriate financial instruments in accordance with country requirements and capabilities.
 - Fully operationalising the Results Management and Performance Measurement Framework to enable the AEs and the Secretariat to measure progress at the project, programme and portfolio level.
 - Strengthening the GCF's pipeline [including through planned evaluations and assessments of readiness and country programming in the near term].
- Strengthening the Fund's engagement with the private sector, including through consideration of the biggest gaps in private sector financing, scaling and an increasingly strategic approach to attracting proposals that will be the most effective in addressing barriers [this could be informed by the PSAG recommendations on access, the accreditation process, embedding of NAPs through readiness resources, and acknowledgement of local currency issues by addressing DAE needs and reducing the transaction costs of submitting proposals].
- A focus on improving Fund processes, including by the Board and Secretariat, to ensure they are efficient, effective and support the GCF to implement its mandate. In our view this will need to include the adoption of a procedure for decision-making in the absence of consensus and fostering a clearer division of responsibilities of Board and Secretariat. We see the further maturation and improved functioning of the Board as key priority for this period.
- Ensuring the GCF implements the highest standards in transparency and safeguarding.
- Maintaining a clear focus on ways the GCF can lever additional finance from multilateral development banks, the private sector, and other forms of co-financing.

- Taking steps to find out, publicise and encourage others to take up lessons learned through GCF activities. This includes a renewed focus on results, performance management, evaluation and harmonising GCF and national monitoring systems, at both the institutional and accredited entity level. [As part of this, we also consider the assessment of accredited entities' capability to undertake rigorous M&E as part of the accreditation process to be of strategic importance].

We suggest that the action plan should be amended to reflect the above operational priorities, with concrete, measurable actions around key indicators.