

Annex III: Strategic Plan for the Green Climate Fund 2024–2027

I. Introduction: Rising to the climate investment challenge

1. The Green Climate Fund (GCF) is the world's largest dedicated climate fund serving developing countries. As an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serving the Paris Agreement, GCF has committed over USD 12 billion to 216 projects in 128 developing countries since its inception, mobilizing an additional \$33 billion in public and private co-financing. GCF is guided by the principles and provisions of the UNFCCC, the goals of the Paris Agreement and the objectives and guiding principles set out in GCF's Governing Instrument. The purpose of the Fund is "to make a significant and ambitious contribution to the global efforts toward attaining the goals set by the international community to combat climate change". In the context of sustainable development, GCF promotes the paradigm shift towards low-emission and climate-resilient development pathways, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. It channels new, additional, adequate and predictable financial resources to developing countries and catalyses climate finance, both public and private, and at the international and national levels. It pursues a country-driven approach and promotes and strengthens engagement at the country level through effective involvement of relevant institutions and stakeholders.

2. Since GCF last updated its Strategic Plan in 2020, the magnitude and urgency of the climate investment challenge has become even clearer. The world has already experienced over a degree of warming, with climate change impacts being felt in all regions. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change warns the window of opportunity for both mitigation and adaptation action is narrowing, highlighting the imperative to shift from incremental to systemic responses. As part of the global response, over 140 countries have raised their ambition, and the international community has reinforced the need to intensify efforts towards achieving the goals of the Paris Agreement, including the decision in the Sharm el-Sheikh Implementation Plan which reiterated that the impacts of climate change will be much lower at the temperature increase of 1.5 °Celsius compared with 2 °Celsius and resolved to pursue further efforts to limit the global temperature rise to 1.5 °Celsius in accordance with the Paris Agreement, by enhancing ambition and action in relation to mitigation, adaptation and finance in this critical decade.¹

3. This update to the Strategic Plan has been prepared to be responsive to that call as GCF heads into its second replenishment period (2024-2027) (GCF-2). While GCF has since 2020 been the largest dedicated multilateral provider of climate finance, it is important to recognize that its funding of around USD 2–2.5 billion annually over GCF-1 (2020–2023) represents just a few percent of the beyond-USD 100 billion to be mobilized for developing countries annually, let alone the trillions in wider investment needs. The Governing Instrument mandates the Board to steer GCF's operations so they evolve with GCF's scale and maturity, supporting its evolution as the main global fund for climate finance. As GCF looks to the future, this update to the Strategic Plan aims to chart in actionable terms how GCF will significantly enhance its support to developing countries and seek to deliver the highest levels of catalytic impact through its key assets – its financial resources, partnerships, convening power, people and knowledge – to maximize the ambition of its contribution to international climate goals and promote a paradigm shift for developing countries, taking into account the needs of those developing countries that are particularly vulnerable to the adverse effects of climate change.

4. Figure 1 shows the overall structure of the Strategic Plan for 2024-2027.

¹ Decision 1/CP.26 (Glasgow Climate Pact) and Decision 1/CP.27 (Sharm el-Sheikh Implementation Plan).

Figure 1: Overall structure of the GCF Strategic Plan 2024-2027

UNFCCC & PARIS AGREEMENT	THE PURPOSE OF THE GCF IS TO MAKE A SIGNIFICANT AND AMBITIOUS CONTRIBUTION to the objective of the UNFCCC and the goals of the Paris Agreement through successive cycles	Progress assessed by annual reporting to the COP & CMA
LONG TERM VISION	GCF PROMOTES PARADIGM SHIFT AND IMPLEMENTATION OF THE UNFCCC AND THE PARIS AGREEMENT (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement within the evolving climate finance landscape	Progress evaluated through IRMF paradigm shift level
STRATEGIC DIRECTION	GCF AIMS TO ACHIEVE MILESTONE GOALS towards global pathways for 2030, with targeted results based on resourcing for 2024-27: a. Mitigation of 1.5 to 2.4 gigatonnes of CO ₂ equivalent b. Enhanced resilience of 570 to 900 million people	Progress measured through RRMF and IRMF mitigation/adaptation & enabling environment impact levels & supplementary tracking
PROGRAMMING PRIORITIES	GCF WILL DIRECT 2024-27 PROGRAMMING toward (1) Readiness and Preparatory Support: Enhanced focus on climate programming and direct access; (2) Mitigation and Adaptation: Supporting paradigm shifts across sectors; (3) Adaptation: Addressing urgent and immediate adaptation and resilience needs; and (4) Private Sector: Promoting innovation and catalysing green financing.	
MODALITIES, ACTIONS AND PARTNERSHIPS TO DELIVER PROGRAMMING	GCF WILL LEARN AND ADAPT ITS OPERATIONS guided by a core goal of enhancing access, and pursue institutional measures to calibrate its policies, processes, governance, risk management, results management and reporting and organisational capacity for successful delivery	Progress tracked through RTT & work programme results framework

II. Long-term strategic vision

5. Building on the mission and purpose set out in the GCF Governing Instrument, the Board's long-term strategic vision for the GCF is to:

- (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and
- (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement within the evolving climate finance landscape.

6. This envisions that GCF will support developing countries to translate their priorities, as identified in nationally determined contributions (NDCs), adaptation communications (ACs), national adaptation plans (NAPs), long-term strategies (LTSS) and technology needs assessments (TNAs), into country-owned, high-impact climate projects and investments. Capitalising on its financing and co-financing track record, GCF will continue to attract increased flows of finance for the result areas² in its results framework and in line with its investment criteria. GCF will support developing countries in increasing their climate ambition over successive Paris Agreement cycles. Given the urgent need to address climate impacts and close the adaptation-finance gap, while noting the need to balance financing for adaptation and mitigation, the Fund will place particular focus on testing and scaling up financing for adaptation and resilience solutions.³

² Energy generation and access; low-emission transport; buildings, cities, industries and appliances; forestry and land use; most vulnerable people and communities; health, well-being, food and water security; infrastructure and built environment; and ecosystems and ecosystem services.

³ Decision 1/CP.16, paragraph 100, and Decision 1/CP.26, paragraphs 10-14.

7. GCF seeks to realise its vision both by channelling its resources to developing countries in a more predictable manner, and by catalysing wider sources of public and private finance, guided by countries' priorities. It will make tailored interventions to enhance access to GCF resources and strengthen the capacities, tools and enabling environments to generate project pipelines that are consistent with NDCs, NAPs and LTSs for funding by the GCF. It will also exercise a distinctive risk appetite to accept considerable uncertainties around funding and investment risks in return for impact potential⁴, to catalyse other sources of finance, including by supporting access to capital markets through green and other thematic bonds, and unlock significant climate impact potential. The GCF will deploy its entire range of financial instruments to promote innovation in practices, business models, technologies, and support local institutions, particularly through enhancing direct access to GCF resources. The GCF will also seek to provide early-stage financing to new pre-commercially viable technologies, business models and climate initiatives and deploy first-loss anchor investments.⁵ Through these means, GCF can also help developing countries create the conditions, in line with national circumstances and priorities, making finance flows consistent with a pathway towards low-emissions and climate-resilient development pathways.

8. GCF puts specific focus on supporting developing countries, and their communities and people, who are most vulnerable to the adverse effects of climate change, striving for inclusive climate action in line with its Revised Environmental and Social Policy, and integrating local communities, indigenous peoples, women and girls and people with disabilities as agents of change.⁶ Significantly improving access to GCF resources is a cross-cutting commitment of GCF. This will be achieved through measures taken across programming and operational objectives and through furthering its consideration of the needs and options for establishing a GCF regional presence. In particular, GCF will significantly increase the amount of resources programmed by DAEs by strengthening their capacities, increasing the predictability of GCF programming, and clarifying communications to ease the funding and investment process.

9. As one of the major actors in the wider climate finance landscape, GCF will draw on its comparative advantages as a dedicated, country-driven, and partnership-based climate fund: working at a unique nexus of risk, scale and flexible financial instruments that equip it to support the entire value chain of project conception, development and implementation, including acting as an accelerator and amplifier for climate action. GCF will leverage these advantages to also support the development, deployment and dissemination of technologies.

10. GCF delivers through collaboration with its country partners, accredited entities, and other stakeholders. GCF collaborates with developing countries and their investment partners on the ground, and through the UNFCCC's constituted bodies, to help build institutional know-how for climate investment. GCF collaborates with relevant organizations to scale up promising innovations. By seeking complementarity, forging novel coalitions and blending finance, GCF draws on partners' respective strengths in local knowledge, technical expertise and financing capabilities to optimise cooperation toward developing countries' climate priorities. Through these collaborations, GCF also strives to forge solutions that deliver multiple benefits, such as pursuing programming synergies to address the climate-biodiversity nexus by leveraging nature and ecosystems for effective and sustainable climate action, while also promoting sustainable and inclusive development.

III. Strategic Programming Directions

⁴ Decision GCF/B.32/06, Review of the initial private sector facility modalities and the private sector strategy.

⁵ *Id.*

⁶ B.BM-2021/18 GCF, Revised Environmental and Social Policy.

3.1 Contribution to 2030 pathways toward goals set by the international community to combat climate change

11. Guided by the objectives and guiding principles set out in its Governing Instrument, the GCF seeks to make an ambitious contribution to the objective of the UNFCCC and goals of the Paris Agreement over the period 2024-2027. The overarching goals are intended to be aspirational to the extent that GCF programming will ultimately be driven by developing country needs and ambitions, and based on GCF's resourcing over progressive programming periods, ability to catalyse financing, and success in promoting paradigm-shifting solutions.

12. Over the period to 2030, GCF will strive to contribute to goals set by the international community through supporting the implementation and enhancing ambition of developing countries' NDCs, LTSs and NAPs, and other climate strategies. It will do this by supporting paradigm-shifting climate programmes, projects and solutions.

13. To contribute to broader efforts to achieve these goals, the GCF will also strive to provide enhanced, predictable and significantly improved access to climate finance and delivery on the ground, to meet the urgency of developing countries' needs, evolving its programming strategy, operational modalities and processes through improved speed, simplicity, complementarity, volume, direct access, and structured collaboration with its partners. As part of this effort, GCF aims to meet or exceed its portfolio-level mitigation and adaptation results to deliver **mitigation of 1.5 to 2.4 gigatonnes of CO₂ equivalent and enhance the resilience of 570 to 900 million people** for the period 2024-2027.⁷

3.2 Programming Priorities for 2024-2027

14. In line with its Governing Instrument, GCF delivers its overall objectives, through its primary thematic funding windows for adaptation and mitigation.⁸ In addition, the GCF provides resources for capacity building, technology development and transfer, and innovative and replicable approaches.⁹ The Governing Instrument also established dedicated structures for funding readiness and preparatory activities¹⁰ and private sector mitigation and adaptation activities, through a Private Sector Facility.¹¹

15. Under these overarching funding windows and dedicated structures, GCF's programming priorities for 2024-2027, are as follows:

- (a) **Readiness and Preparatory Support: Enhanced focus on climate programming and direct access** through improved access to readiness and preparatory support, and removing barriers faced by developing countries. The GCF will seek to strengthen country capacities and enabling environments for NDC, NAP, and LTS implementation, investment planning, and enhanced access to GCF resources. The GCF will strengthen direct access programming capacities to enable significantly increased DAE participation in GCF programming, and when requested by developing countries, help their financial institutions build capacities to integrate climate considerations into their investment operations;

⁷ Targets have been estimated based on GCF average portfolio level mitigation and adaptation outcomes as at 31 December 2022 and a resourcing scenario range of funding proposal programming between USD 2.05 to 3.2 billion per year through to 2027.

⁸ GCF Governing Instrument, paragraph 37.

⁹ GCF Governing Instrument, paragraph 38.

¹⁰ GCF Governing Instrument, paragraph 40.

¹¹ GCF Governing Instrument, paragraphs 41-44.

- (b) **Mitigation and Adaptation: Supporting paradigm shifts across sectors** while maintaining a 50:50 balance over time between adaptation and mitigation funding¹², capturing synergies and addressing trade-offs through cross-cutting projects and programmes that help advance just transitions. The GCF will incorporate evolving understanding of just and equitable transitions pathways in line with developments of such discussions within the UNFCCC and Paris Agreement. The GCF will seek to support paradigm shift towards low-emission climate-resilient energy, transport, infrastructure, ecosystems, and food systems. It will draw on its extensive partnership network to build collaborations that can advance high-impact, country-led projects and programmes, including deploying blended finance to de-risk private sector investment at scale;
- (c) **Adaptation: Addressing urgent and immediate adaptation and resilience needs, for particularly vulnerable countries**, the GCF will maintain a floor of at least 50% of the adaptation allocation to developing countries that are particularly vulnerable to the adverse effects of climate change, including SIDS, LDCs and African States, taking into account their urgent and immediate needs, while aiming to meet or exceed GCF-1 outcomes. The Board will aim for appropriate geographical balance. Through this support, GCF will seek to help countries deal with urgent climate threats, including by expanding coverage of climate information and early warning systems in line with the early warnings for all initiative, and supporting integrated risk management approaches; and
- (d) **Private Sector: Promoting innovation and catalysing green financing while increasing** the share of funding allocated through the Private Sector Facility compared to GCF-1¹³, the GCF will seek to catalyse climate finance from the wider finance ecosystem, engaging key actors such as local private sector early-stage ventures, micro-small- and medium- sized enterprises (MSMEs) and national and regional financial institutions. GCF will seek to replicate innovative and inclusive approaches, such as incubators and accelerators for climate technologies, solutions based on local, traditional and indigenous knowledge, seed capital, and expand access to green finance, including by supporting green bonds and sukuks.

3.3 Targeted Results 2024-2027

16. In line with its longer-term vision and programming priorities, and working through overarching funding windows and dedicated structures, GCF will strive to achieve the following results over the 2024 to 2027 programming cycle, ensuring consistency with its IRMF. The ranges for targeted results have been estimated based on a range of resourcing scenarios for GCF-2, spanning between USD 2.05 to 3.2 billion per year for funding proposal programming, pending the outcomes of the GCF-2 replenishment process:

¹² Measured in grant equivalent terms.

¹³ Measured in nominal terms.

1. More than 100 developing countries directly supported by GCF to advance the implementation of their NDCs, NAPs or LTS through integrated climate investment planning and/or developing high quality climate project pipelines for GCF funding.
2. Doubling the number of DAEs with approved GCF funding proposals through strengthened climate programming capacity and increasing the allocation of GCF resources through DAEs.
3. CIEWS: 50 to 60 developing countries particularly vulnerable to the adverse effects of climate change protected by new or improved early warning systems.
4. Food: Support for developing countries that results in 190 to 280 million beneficiaries adopting low-emission climate-resilient agricultural and fisheries practices, securing livelihoods while reconfiguring food systems.
5. Ecosystems: Support for developing countries that results in 120 to 190 million hectares of terrestrial and marine areas conserved, restored or brought under sustainable management.
6. Infrastructure: 45 to 60 developing countries supported by GCF to develop or secure low-emission climate resilient infrastructure, through systemic and/or country-driven resilience planning, funding and/or de-risking of investments, including those that draw on nature-based solutions or ecosystem based approaches.
7. Clean Energy: 20 to 30 developing countries supported to expand access to sustainable, affordable, resilient, reliable renewable energy, particularly for hardest to reach, and/or to increase renewable energy sources in the energy mix.
8. Transport, buildings, industry: 18 to 25 developing countries supported to shift toward clean and efficient energy end-use for transport, building and industry sectors, including through electrification, decreasing energy consumption and novel solutions and emerging technologies for hard-to-abate sectors.
9. 40-70 approved proposals for adaptation projects, including for locally-led adaptation action.
10. Support for developing countries that results in 900 to 1500 local private sector early-stage ventures and MSMEs provided with broad-based seed and early-stage capital for innovative climate solutions, business models and technologies, with a focus on adaptation, energy access and transport sectors, and removing barriers for home-grown innovation
11. Support for developing countries that results in 90 to 180 national and regional financial institutions supported to access GCF resources, and other green finance, particularly for MSMEs.

17. The GCF will continue to use an integrated approach to meet its targeted results through cross-cutting projects and programmes that deliver enhanced results and co-benefits. These targeted results will guide GCF programming and form the basis for active pipeline management in line with available resources.

IV. Modalities, Actions and Partnerships to Deliver Programming

18. To deliver its long-term vision, contributions to global goals, programming priorities and targeted results over the 2024-2027 programming cycle, the GCF will utilise the following key programming modalities, actions and partnerships. These actions are also supported by more detailed thematic strategies adopted by GCF across specific programming areas.

4.1 Readiness and Preparatory Support: Enhanced focus on climate programming and direct access

- (a) **Update the strategy and secure predictable resourcing for the GCF Readiness and Preparatory Support Programme (RPSP)**, the world's largest climate capacity building programme for enhancing developing countries' access to GCF resources and financial instruments;
- (b) **Better differentiate RPSP and technical support for NDAs and DAEs to match needs and improve access**, particularly for developing countries that have not yet accessed GCF for funded activities, and help DAEs to play a greater role in GCF programming. GCF will also strengthen peer learning via the joint Adaptation Fund DAE Community of Practice and with international AEs through DAE pairing;
- (c) **Support country-led climate mainstreaming, policy and NDC updates, and development of NAPs**. Where requested by developing countries working with technically qualified partners, GCF can use the RPSP to support NDC updates, the development and implementation of NAPs and other policy measures for climate action, including adaptation and resilience building, and support green finance tools, methodologies and approaches;
- (d) **Evolve a more dynamic and inclusive approach to country ownership**, including through an update to country ownership guidelines, to be approved by the Board, that also better clarifies GCF's role and aiming to better articulate what country ownership means beyond the no-objection procedure, in a way that strengthens meaningful country engagement throughout origination, approval and implementation processes;
- (e) **Promote integrated NDC/NAP/LTS investment planning through improved technical support, guidance and country programming**, working with the UNFCCC Secretariat, NDC Partnership and NAP global network to align guidance; and refocusing GCF country programmes to ensure synergies;
- (f) **Pipeline programming with AEs and DAEs, particularly public and private banks, to expand their access to GCF resources for low-emission climate resilient solutions**, and build the technical capacities of local financial institutions to develop sustainable or green product offerings and mobilize private capital for climate finance, particularly for the benefit of local MSME borrowers, in line with the GCF private sector strategy; and
- (g) **Based on country and DAE requests, supporting DAEs that are public or commercial financial institutions to mainstream climate into their operations and to facilitate access to capital markets**, by working through qualified technical partners to support assessments of physical and transition climate risks; factoring in climate into lending and investment decisions; alignment of investments with national climate action plans and the goals of the Paris Agreement; development of supportive policy and regulatory environments; and facilitating access to capital markets through green or thematic bonds.

4.2 Mitigation and Adaptation: Supporting paradigm shifts across sectors

- (a) **Provide support and leverage opportunities for funding and designing investments for paradigm shift across sectors, with focus on just transitions in the energy, building, industry and transport systems, as well as harnessing the potential of nature-based solutions or ecosystem-based approaches towards low greenhouse gas and climate resilient development**. GCF will use its sector guidance,

once approved by the Board, to promote cross-cutting, multi-sectoral, inclusive interventions which address complex, interacting climate risks and deliver economic and non-economic co-benefits; encourage use of nature-based solutions or ecosystem-based approaches as critical tools to address adaptation, mitigation, biodiversity and poverty; and incorporate evolving understanding of just and equitable transition pathways in line with developments of such discussions within the UNFCCC and Paris Agreement;

- (b) **Collaborate with AE partners, and promote collaboration among AEs, to structure thematically or geographically based projects and programmes that address countries' top climate needs, impact and transition priorities.** Led principally by the Division of Mitigation & Adaptation, and guided by countries' NDCs, NAPs, and LTSS, GCF will support developing countries to build new partnerships that leverage local knowledge, technical capacities, risk profiles and instruments to craft fit-for-purpose, scalable public and public-private financing solutions;
- (c) **Enhanced deployment of Simplified Approval Process (SAP).** In the context of GCF's targeted results, SAP has particular potential to support rapid deployment of GCF resources through micro scale mitigation and adaption interventions;
- (d) **Deploying requests for proposals in specific programming areas, such as REDD+ results-based payments** that require dedicated mechanisms to deliver target results;
- (e) **Collaborate with the UNFCCC, peer funds and partners to identify opportunities for scaling-up successes,** including with the Technology Executive Committee and Climate Technology Centre and Network, the Adaptation Fund and GEF on their respective programmes focused on technology and innovation, and the Global Innovation Lab for Climate Finance, among others;
- (f) **Keep equity and gender dimensions at the forefront of climate action, recognising** how socioeconomic impacts may be differentiated, and striving to maximise benefits and gender-responsiveness through inclusive, responsible and sustainable innovation;
- (g) **Pursue collaborative stakeholder engagement, such as ideation challenges and dedicated forums,** with the Indigenous Peoples Advisory Group (IPAG) and with stakeholders including local communities, women, youth, civil society and organisations for persons with disabilities to scope where there is potential for inclusive innovation based on traditional, local and indigenous knowledge and practices, social and digital enterprises and also to identify opportunities to source and aggregate pipeline of locally-led solutions; and
- (h) **Inform re-accreditation decisions with an examination of AEs performance in contributing to GCF programming results,** considering IAEs contribution to building capacities of DAEs, and an assessment of the extent to which AEs overall portfolio of activities beyond those funded by the GCF has evolved towards a low-emissions and climate-resilient development pathway.¹⁴

4.3 Adaptation: Addressing urgent and immediate adaptation and resilience needs, for particularly vulnerable countries

- (a) **Curate easy-to-access resources on climate risks, impacts and vulnerability assessments to support planning and origination:** working with the World Meteorological Organisation (WMO), IPAG and global experts to draw on best available

¹⁴ Updated Strategic Plan of the Green Climate Fund: 2020-2023, paragraph 26 (a)(v).

- climate information and traditional, local and indigenous knowledge and practices; and with partners to harvest lessons from the first phase of adaptation planning support;
- (b) **Support demonstration pilots for using systemic resilience planning to better manage climate risks to infrastructure and investment decisions and originate integrated project pipelines**, as a model for countries to translate adaptation planning into more long-term programmes;
 - (c) **Support enhanced climate adaptation**, through transformational planning, catalysing innovation in climate adaptation, de-risking high impact adaptation projects, and aligning finance with sustainable development.¹⁵ GCF will also continue to evolve guidance on adaptation to help stakeholders make best use of GCF's adaptation planning, readiness and funding modalities to support effective short term and systemic adaptation responses;
 - (d) **Place particular emphasis on supporting developing countries that are particularly vulnerable to the adverse effects of climate change**, including SIDS, LDCs and African States, as well as climate-critical sensitive areas such as mountains, coastal and marine zones, arid regions, regions with low forest cover, areas that suffer from land degradation, sand storms, water scarcity and droughts, and working with partners to reach fragile and conflict affected areas in line with GCF approved policies
 - (e) **Supporting activities relevant to averting, minimising and addressing loss and damage**, consistent with GCF's existing investment, results framework and funding windows and structures. GCF will build on its track record of supporting integrated risk management approaches to extreme and slow onset events, test novel instruments such as parametric insurance and seek complementarity with other funding arrangements responding to loss and damage, pending decision by the COP and CMA on the recommendations of the Transitional Committee¹⁶; and
 - (f) **Significantly expand deployment of the enhanced direct access (EDA) modality and other devolved financing approaches** to enable more rapid access to finance for locally-led adaptation action, engaging affected communities, civil society and indigenous peoples in delivering to meet the needs of last mile beneficiaries.

4.4 Private Sector: Promoting innovation and catalysing green financing

- (a) **Work with AEs to attract co-investors, including inter alia the private sector, other climate funds, and development banks, to GCF-funded projects**, building on GCF's robust due diligence standards and institutional reputation;
- (b) **Deploy fit-for-purpose blended finance, to catalyse private sector finance**. In line with its private sector strategy, GCF will leverage its flexible de-risking instruments for funding proposals that help scale climate solutions in developing countries. This will aim to establish track record for wider market-driven diffusion, covering areas such as infrastructure, energy, buildings, transport, and climate-resilient agriculture where there is unrealised potential for private sector investment to flow;
- (c) **Support development of high-quality innovation ecosystems**, and increase access to unconditional early-stage seed and risk capital, including grant-based funding: in line with its private sector strategy, GCF will foster a pipeline aimed at helping domestic entrepreneurs and companies to ideate, tailor and scale novel climate solutions and business models, and also provide broad-based early-stage and seed and risk capital

¹⁵ Decision GCF/B.33/13.

¹⁶ COP Decision 2/CP.27 and CMA Decision 2/CMA.4.

including grant funding for pre-commercially viable solutions recognizing no minimum amount of co-financing is required under the GCF's co-financing policy¹⁷, to local private sector entities and MSMEs;

- (d) **Support establishment of greenfield financial institutions or facilities** dedicated to unlocking financing for adaptation, mitigation and resilience projects, investments and solutions;
- (e) **Launch requests for proposals**, through which GCF will seek to identify promising partners and project ideas for climate solution incubators and accelerators, and also accelerators of inclusive innovation based especially on traditional, local and indigenous knowledge and practices as well as enhancing the involvement of private sector capable of innovation programming through the full implementation of the Project Specific Assessment Approach (PSAA); and
- (f) **Exercise investment risk appetite and novel applications of GCF financial instruments** to promote innovative, new and emerging technologies, demonstrate viability of innovative approaches including in cases where climate impact is not guaranteed but impact potential is high, and drive toward catalytic outcomes, such as market-creation; and deploying its full de-risking toolkit, and local currency financing.

V. Operational and Institutional Priorities

5.1 Operational priorities: Significantly improving access to GCF resources

19. The GCF has made significant strides as an institution over the last two programming periods. During the Initial Resource Mobilisation, GCF was a simple, first-come, first-serve co-financier, still developing its policies, processes and systems. Today it is an evolving Fund, engaging confidently with a global network of partners to build investment coalitions that capture greater opportunities for climate impact, deliver economic development and social co-benefits, and with the task of managing a high-quality pipeline that well exceeds available resources.

20. But the urgency of climate change, and consultations with stakeholders on the GCF's accessibility, demand that GCF challenge itself to be more ambitious in improving access to climate finance for developing countries by further reducing bureaucracy, increasing the predictability of GCF programming, and clarifying communications to ease the investment process. "Enhancing access" accordingly represents GCF's core operational commitment for the period 2024-2027, alongside the access measures included in its programming objectives. GCF's commitment to access includes:

- (a) **Predictability:**
 - (i) Ensuring predictability of resources available for programming;
 - (ii) Reviewing and improving the predictability, efficiency, flexibility and transparency of GCF procedures and modalities, targeting reductions in administrative burden and bottlenecks and respecting the critical need for predictability for project development, approval and implementation, and minimizing frequent changes;

¹⁷ GCF Policy on Co-financing.

- (iii) Ensuring predictable and appropriate timeframes for accreditation, project approval and fund disbursement;
 - (iv) Ensuring the appropriate use of financial instruments in line with the project design, and that they take into account the needs and priorities of developing countries;
 - (v) Ensuring pipeline development, accreditation and programming are aligned with the objectives set out in the Strategic Plan; and
 - (vi) Addressing FX volatility in project financing, including by supporting through currency hedging.
- (b) **Speed:**
- (i) Targeting a high approval rate, calculated by reference to amount of funding approved relative to available commitment authority for FPs, based on the GCF financial plan, to minimize the amount of GCF resources sitting idle;
 - (ii) Maintaining a high portfolio implementation rate (readiness and funded activities) to ensure resources are deployed on ground as promptly as possible;
 - (iii) Reducing median times taken during GCF-2 to process accreditation, readiness, PAP and SAP proposals from review to first disbursement, relative to GCF-1; and
 - (iv) Providing rapid, clear feedback on whether project concepts show potential to meet GCF investment criteria and programming goals, to reduce transaction costs and aid transparent, predictable pipeline management.
- (c) **Simplicity:**
- (i) Enhancing GCF's ability to operate in the main languages of its stakeholders, working to make multilingualism the norm;
 - (ii) Reaching full-scale implementation of the project specific assessment approach (PSAA), further simplifying accreditation and reaccreditation, and removing any duplication across accreditation and investment processes;
 - (iii) Significantly increasing deployment of the SAP, EDA and other devolved financing approaches through dedicated efforts to replicate proven successes; and
 - (iv) Mainstreaming operational performance monitoring and feedback mechanisms to identify bottlenecks and rapidly test solutions across all business processes, as well as adopting lessons on access from other organisations and initiatives.
- (d) **Complementarity:**
- (i) Better aligning programming, processes and policies with other climate funds;
 - (ii) Examining potential for AEs to apply their own policies, while maintaining best practice and substantial equivalence to GCF policies;
 - (iii) Managing data as a strategic and shared asset that can be linked to other data sources to improve coherence and impact in climate investment programming; and
 - (iv) Further strengthening complementarity and coherence with the broader climate finance architecture, including other climate funds, and other financiers operating in the climate finance landscape.
- (e) **Volume:**

- (i) Maintaining clear expectations, through the Board's setting of annual programming targets, on the volume of resources GCF will channel annually;
 - (ii) Improving measurement and reporting on how GCF helps developing countries catalyse climate finance, through establishing track record, as well as improving reporting of mobilised finance according to instrument-based methodologies; and
 - (iii) Initiating the third replenishment 30 months after commencement of GCF-2.
- (f) **Partnerships and direct access:**
- (i) Strengthening GCF's engagement with countries, AEs and a diverse range of partners on the ground to understand local needs and contexts, including through furthering its consideration of the needs and options for establishing a GCF regional presence to bring GCF closer to the countries it serves;
 - (ii) Developing a partnerships and access strategy for consideration by the Board to clearly articulate the different pathways for enhanced access to GCF financing, and how GCF can engage a range of partners consistent with their own mandates;
 - (iii) Actively managing accreditation, reaccreditation and PSAA pipelines through the lens of AE value-addition to delivering GCF strategic goals and programming objectives, based on strategic priorities, decisions adopted by the Board, and the GCF accreditation strategy;
 - (iv) Continuing to increase the share of DAEs in the AE network, alongside increasing the role of DAEs in GCF programming; and encouraging and facilitating cooperation and learning between IAE and DAEs, as well as DAE peer learning; and
 - (v) Implementing tools or frameworks, such as open data for full transparency of where proposals sit in operational processes and responsibilities for action; and setting realistic expectations of GCF and partner response times, and with reference to commitment authority.

5.2 Institutional priorities: consolidating capacity for delivery

21. On the institutional front, the period since 2020 has seen tremendous progress in GCF's journey toward organisational maturity, with strengthening of governance, completion of all major policy frameworks, comprehensive process codification, digitalisation, regularising strategic planning and corporate performance management and strengthening GCF's committed workforce. For 2024-2027, GCF is accordingly adopting a set of institutional priorities, designed to highlight only the most critical remaining areas of institutional evolution:

- (a) **Governance and risk management:**
- (i) Strengthening governance efficiency, building a governance culture based on respect and cooperation and promoting gender balance, diversity and inclusion, to advance GCF leadership and impact; among the GCF Secretariat, Independent Units, and Independent Panels, as well as the Board and Board Committees;
 - (ii) More clearly delineating responsibilities for programming, financial and risk oversight; operational management; and lines of defense – refining the internal control framework including to align accountability with responsibility and avoid overlap;

- (iii) Continuing to examine where delegation can help improve access and agility, particularly for implementation matters as the GCF portfolio grows;
 - (iv) Consolidating GCF's risk management approach, ensuring risk is apportioned in line with its second level business model, that risk and other policies are aligned and coherent, and a risk-aware culture is built into governance and operations; and
 - (v) Comprehensively review GCF's current approach towards privileges and immunities, in line with the Governing Instrument.
- (b) **Policies and safeguards:**
- (i) Updating the GCF policy cycle in conjunction with the Board workplan for 2024-2027, shifting focus toward reviewing and improving the impact, coherence and implementation of policy frameworks, while retiring superseded mandates;
 - (ii) Establishing more consistent Fund-wide policy standards through evolving more standard classifications of policy instruments, templates, processes and roles; and strengthening capacity to support the Board in policy and decision-making;
 - (iii) Continuing to advance best practices on environmental and social safeguards and on matters related to indigenous peoples, local communities, gender, integrity, and information disclosure, to not only include "do no harm" safeguarding measures but to also improve outcomes; and
 - (iv) Further mainstream gender in GCF funded activities by taking into account the implementation of the updated Lima Work Programme on Gender and its Gender Action Plan.
- (c) **Results, knowledge and learning:**
- (i) Consolidating implementation of GCF results, portfolio management, monitoring and evaluation frameworks, with increased reporting of actual results, including information at sub-project level, and focus on extracting and sharing learning from GCF programming and data;
 - (ii) Continuing the GCF's focus on being a learning organisation and recognizing the value of independent evaluations of GCF activities and its role in improving GCF's effectiveness and efficiency;
 - (iii) Establishing more structured forums for stakeholder engagement and expert feedback, learning loops and advice, adopting participatory approaches that draw on insights of affected communities, indigenous peoples, civil society, women, youth and academia;
 - (iv) Housing and sharing climate investment data and knowledge, building systems and facilitating networks to promote free data-exchange, peer-learning and knowledge-sharing to improve investment design, access and impact; and
 - (v) Capture delivery of co-benefits, including biodiversity and Rio markers, through tools available to the GCF.
- (d) **Organisational capacity and profile:**
- (i) Reviewing GCF operational capabilities, across bodies and panels, to deliver the 2024-2027 Strategic Plan, taking account of the scale of GCF-2 replenishment;
 - (ii) Developing a more comprehensive outreach strategy to bolster GCF's profile, widely communicating the Fund's strategic vision and systematically sharing information on Fund results, and GCF and partner success stories on the ground;

- (iii) Evolving GCF resourcing and budgeting frameworks to a multi-annual approach, more predictably aligning resources with results through an impact-orientation, taking into account country priorities and needs;
- (iv) Maintaining administrative costs¹⁸ at the optimal level taking into account the practice in similar organizations, ensuring sustainability of GCF's operations; and
- (v) Securing the Fund's employee value proposition through an updated, principles-based human resources framework, maintaining a fill rate of over 90 per cent, based on open transparent and merit-based recruitment and retention of professional, diverse, gender and geographically balanced staff.

VI. Implementation and review

22. An updated results tracking tool, aligned with the GCF's Integrated Results Management Framework (IRMF), will be developed and used to track progress toward the goals and commitments set out by the Strategic Plan. The Secretariat will report implementation progress to the Board at its first meeting of each year from 2025, informed by which the Board may decide to take adaptive action or course correction, particularly in relation to progress toward the Strategic Plan's targeted results.

23. Actions required to implement the Strategic Plan will be further detailed through the 2024-2027 workplans of the Board and its committees, Secretariat and independent units, with performance indicators aligned with the Strategic Plan results framework. These workplans will specify in further detail the priority actions and initiatives to be taken, along with associated budget and resourcing requirements. Overall, successful realisation of the Strategic Plan will depend on the scale of GCF's replenishments and adequacy of resourcing for delivery, for readiness, PPF, funding proposals, administrative budget and staff.

¹⁸ Administrative costs include the administrative budgets of all GCF bodies, AE fees and GCF's risk buffer.