

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.