

Comments on GCF's Strategic Directions (GCF/B.22/Inf.13)

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- I am very pleased to see that GCF has started up its operation at scale in a relatively short period of the Initial Strategic Plan. The activities are now covering both mitigation and adaptation areas in a balance manner, and successfully get involvement of private sector (20 projects, GCF funding of \$1.8B and leveraging \$5.2B in co-financing).
- It is interesting to see (on page 6 GCF/B.22/Inf.13) that GCF funding of \$4.6B in 93 projects together with \$11.8B co-financing are expected to reduce 1.43 billion tons of CO₂. This means that GCF's public money was leveraged to more than double size, and average mitigation cost (using the public money) of those projects is around \$3.2/t-CO₂e. This is very good information to be shared with and promoted to donor countries. Global warming is a global problem and greenhouse gas is a global common pollution. Therefore, from the viewpoint of donor countries' taxpayers, who usually pay more expensive carbon cost to mitigate domestically, deployment of least expensive mitigation activities in recipient countries at scale is very reasonable environmental investment, from which benefit can be shared globally. GCF could/should promote that there are many "least expensive" mitigation opportunities exist in recipient countries, with more detailed factual data of such mitigation cost effectiveness (by case studies, performance report etc.) to encourage/justify the replenishment process.
- To find out such cost effective mitigation projects and to scale up such projects systematic way (transformational way) in recipient countries, readiness support is critically important, as recommended by PSAG. So, seeing progress in this area, as described on page 12-14 of GCF/B.22/Inf.13, is very encouraging, and GCF's proactive engagement in this area is strongly recommended.
- As PSAG has been recommending, and also pointed out on page 20 of GCF/B.22/Inf.13, financing in local currency is one of the key barrier removing/risk reducing mechanism to promote local private sector projects, which can only rely on cash flow in local currency. I strongly recommend to GCF to seriously consider this option.