

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.