

Comments from Norway on the Draft

“Strategic Plan for the GCF: 2020-2023”

Introduction

Firstly, we appreciate a very thorough and comprehensive document prepared by the GCF Secretariat, which covers vital aspects of strategic guidance and priorities for the next period of the GCF operations. Norway welcomes the high ambitions throughout the document. This is a key document in setting the future directions for the fund, and the four enablers for paradigm shift defined therein seem well suited to cater for this.

Secondly, the draft strategic plan has a rich content of strong measures that will enable the Fund to move forward with more results per dollar. In this regard, we would like to see clearer priorities and directions on how to address the climate urgency through paradigm shift. Efforts to improve, streamline and simplify access to the Fund’s resources and delivery of support in order to increase impact should be a key priority and the strategic plan needs to clearly reflect this ambition.

Suggestions to improve the outline of the strategic plan

1. The strategic plan should start with stating the strategic goals for 2020-2023, followed by result areas etc. Figure 1 "Structure of the integrated results and resources framework" is in our view functional in this regard.
2. The modalities for delivering greater climate impact and contribute to paradigm shift, speed and transparency and improving efficiency and effectiveness are key issues in setting the strategic direction and should be an integral part of the strategic plan.
3. We suggest refining and simplifying the document further. This can be done by moving text related to background decisions, history etc. into an annex. Recognizing the importance of the sections I-III, we think these should be used as a reference rather than as a part of a strategic plan.
4. In our view, the core strategic plan document should not be too lengthy, but state the overall objectives of the GCF, and key priorities and actions for the period. Other information in annexes should detail how the strategic plan will be implemented and operationalized.
5. In line with the above, we suggest that text of operational (day-to-day) character in sections I-III is moved to the section that addresses operationalization of the strategic plan and associated actions.
6. The Strategic Plan needs to reflect the guidance and recommendations from the Forward-Looking Performance Review (FPR) and as appropriate, the recommendations of the Replenishment Summary Report (PSP). In our view, these two documents, building on the Governing Instrument, are the two key input papers to the process of preparing the Strategic Plan.

Overall comments on content

7. We welcome the theory of change. In line with the recommendations for the FPR there is a need for a better and more concise definition of paradigm shift. In order for the projects and programs to contribute to a paradigm shift and to ensure country ownership, it is key that they are part of a national strategy/plan for a low-emission and climate resilient development pathway, in line with the Paris agreement.
8. There is a need to take steps and measures to strengthen the articulation of the climate rationale of projects and programs. The interlinkages between paradigm shift, climate rationale, climate

results and national ownership should be highlighted. We believe that country ownership and country driven climate measures can be better secured if projects are part of NDCs and NAPs.

9. Furthermore, GCF projects and programs should demonstrate the viability and bankability of approaches/projects/technologies, which subsequently enable financing of similar projects from other sources. This would also be a key factor in addressing/overcoming the "first come, first served" principle.
10. We would like to see more discussions on the consequences of the "First come-First serve" approach deployed to date, and the paradox this represents in terms of future emphasis on increased impact on the key outcomes. Tools for portfolio management need be deployed to ensure that underfunded areas are identified and prioritized in order to secure optimal impact, also by having the overall distribution of funds in mind.
11. The document should be further assessed to define what impacts that the GCF will be able to provide, and what is beyond the scope of GCF's control.
12. We note that GCF does not use the words impact and outcome in the same manner as many countries and multilateral agencies in their aid programs, and does not use them consistently. We recommend GCF to be more consistent in the way different results levels are referred to.

Comments on key issues

Strategic goals

13. We welcome the suggested strategic goals (para 27). While the overall objectives of the GCF are outlined in the Governing Instrument, it is important to establish more specific goals associated with the priorities identified for 2020-2023. The operational goals (para 28) should be placed elsewhere in the document (or in a different kind of document).
14. The relationship between the strategic goals and the integrated results and resources framework needs to be further developed and explained in the strategy. The strategic goals should be more result oriented, and could include concrete goals for i) the total mitigation impact (Gt) and ii) number of people with increased resilience from the projects supported in the period 2020-2023, cf. table 1. Resourcing for climate impacts, based on an assessment of the operational implications.

Policies and governance

15. Policies must be improved, simplified and streamlined in order to keep GCF as a lean organization. Review of policies needs to adequately consider possible overlaps and contradictions.
16. Further delegation of authority to the secretariat is necessary and fully supported from this Chair.
17. Selection criteria for identification and assessment of projects with highest impact need be defined.
18. The resource and staffing consequences of proposed measures need be clarified.
19. The strategic plan should further address and elaborate an assessment of cooperation (complementarity and coherence) with other climate finance instruments.
20. The mid-term review of the GCF should address the importance of the GCF in supporting the achievement of NDCs and NAPs.

Accreditation:

21. An accreditation strategy needs to be developed as part of the strategic plan.
22. Efforts to expedite and streamline the accreditation process should be a key priority in the period.
23. The Project Specific Assessment Approach (PSAA) needs to be operationalized in response to clear calls from the private sector. This is crucial in GCF's intended role vis-à-vis the private sector.

Engaging private sector

24. We support the need to develop a dedicated private sector strategy for the GCF based on the suggested three pillars. It should be considered whether some of the suggested actions to implement the private sector strategy in para 49 are under the GCF control or need be revised.
25. Increased mobilization of private capital is key for combatting climate change and its adverse effects. However, the overall share of private financing in Sub Saharan Africa is still very low, and associated costs higher. Realistic expectations on this in the strategy are important.
26. The catalytic role of GCF to leverage commercial and private investment is very important and deserve a separate description in the strategic plan. Identification of strategic investment partners may be a part of this.
27. We support the proposal to test over time additional modalities for the PSF.
28. GCF risk management for guarantees and other instruments aimed to attract private finance needs be further addressed, as there is a recognition that today's efforts and associated tools are incapable of handling the management challenges around this.

Result areas

29. We note the programming directions for the eight result areas included in Annex II. The mid term review should include a review of the eight result areas, as there are, in our view, overlap between buildings, cities, industries and appliances, and the built environment. In addition to climate-resilient infrastructure, the latter should also focus on low-emission infrastructure. In light of some of the overall comments above, the review should also be used to indicate sectoral priorities based on an analysis of where GCF can maximize the catalytic role, irrespective of sector.
30. We note that the current share of the portfolio of support to renewable energy is very high. Given the fact that renewable energy is becoming cost competitive with fossil sources in many markets the role of GCF in supporting renewable energy could be questioned. Furthermore, since energy efficient measures are profitable, the GCF support to this should be limited to loans and guarantees. Improved energy efficiency by transition to electric vehicles could be encouraged by a combination of tax on fossil fuels and support to cover incremental costs.
31. Similarly, the GCF could undertake an analysis of abatement potential in various parts of the transport sector.
32. Global deforestation is still increasing, and a rapid end to destruction of forests is a must to reach the Paris climate goals. Addressing deforestation is complex, and there is no single solution. However, results-based financing (RBF) for REDD+, is a key measure. It is critical that the process of assessing and deciding on Funding Proposals for the REDD+ pilot ensures high quality and environmental integrity.

33. RBF could be considered in other sectors with sectoral or programmatic approaches. RBF should basically require less project preparation and thus contribute to simplifying the process.
34. Further emphasis on nature-based solutions and protection of biodiversity should be included in the strategic plan.
35. The strategic plan needs to include improved language on oceans and ocean-based project solutions.

Comments on the Integrated Results and Resources Framework

36. We welcome the overall “architecture” of the results and resources framework, which we see as a useful starting point. We look forward to receiving a more developed framework.
37. It would be useful to describe how independent reviews and evaluations will be used to complement monitoring efforts, and contribute to learning? How will use of results information for decision making, as well as learning, be promoted within GCF?
38. It would be beneficial to have a description of the roles and responsibilities in GCF connected to the results framework for the different parts of results management. (From developing and maintaining the results framework, to project selection, to quality assurance of individual projects, to monitoring and evaluation, to data management, analysis and reporting).
39. We recommend developing an indicator guide as soon as possible. This is common practice among large multilaterals, and would force GCF to assess the realism of the indicators proposed, providing guidance to what the indicators mean, units of measure, data sources, methodological guidance, etc. This should also address need for baseline information and targets, as an opportunity to test whether and where it will be possible to collect the necessary information.
40. We recommend that the GCF goes beyond the results framework and provide a more complete description of their results management system in one document. This would be useful to get an understanding of roles and responsibilities for different parts of this system, and a reference for key stakeholders whether they sit on the Board, apply for funds, implement projects, or work in the Secretariat.
41. We recommend assessing the causal links between the different levels in the results framework carefully, in order to clearly define and track GCF contribution to achieved results over time.
42. We note that some of the indicators still are unclear or under development. For some of the indicators it is not clear whether they are expected to measure an actual result or estimates of expected results. (The “tonnes of carbon dioxide equivalent averted” is one example of this. There is text in the document indicating that the latter may be the case: “The aim will be to move from the measurement of expected results to actual results as the portfolio matures.” This is important to be aware of. We also note that this very indicator is used both to measure the level 1 result (impact) and the level 2 results (results area outcomes). Is there any difference between them? Do we measure actual reductions at level 1 and estimated reductions at level 2?).

Detailed comments and suggestions:

43. For the actions under each subsection in section two of Annex I, we suggest that these are further refined to define priorities and reviewed with an aim to divide them into strategic and operational issues where this is relevant. Subsequently, the operational issues to be moved as outlined above.
44. In the relevant sections/subsections of the document, we’d like to see the risks and risk causes within each area identified, discussed and potential mitigation actions planned. E.g. the ambition to deploy x% of the fund capital within a certain period can have unintended consequences on

project quality and -scope. This is one example of risk areas in need of elaboration, e.g. in order to attract private finance.

45. Consider making the actions listed in each subsection of Annex I in imperative form.
46. Para 27 outlines seven important principles for strategic programming. These may be kept as part of the introduction to the core document, while the rest of Section I, II and II are moved to annexes.
47. We are unsure whether a strategic plan should address *expectations* as in section 2.2. of Annex I. in our view this belongs more to an operational plan/workplan.
48. Annex I, Section 2.2. the issues described are operational and should be moved to an operational document. The same goes for the entire Section III.