

## UK Comments on the 2020-2023 Updated Strategic Plan

The UK welcomes this first draft of the Updated Strategic Plan. The Green Climate Fund is an ambitious institution, with a unique set of objectives and mandates. The IRM has allowed us to implement a number of policies and we need to learn from the results of this initial phase to increase the efficiency and impact of the GCF at scale for GCF-1. The strategic plan highlights a number of areas for further work, and we look forward to working with the Secretariat and the Board on these.

While the successful replenishment of the GCF ensures an increased level of programming over the next four years, these resources are finite. The GCF is not and should not be operating on a first come first serve basis for funding: we need the GCF to be able to approve high quality projects that will help fulfill the transformational change that GCF is there to bring. This strategic plan, coupled with the board workplan approved at the last Board Meeting, will help the Secretariat and the Board deliver this. In that light, we think the Strategic Plan should set out how we build on the IRM performance and exceed it where possible. The key priorities for this should be:

- improving the results that the GCF delivers on the ground;
- keeping up the support for the most vulnerable;
- engagement of the private sector, as mandated by the Governing Instrument;
- developing key policies and continue to improve efficiency and processes.

While doing so, it is important to keep countries at the centre of GCF vision and programming – orienting funding to identified need and targeting areas with significant impact, innovation and/or scale-up potential.

In particular, we support the inclusion of clear and quantified objectives for the GCF in the Strategic Plan, including:

- the aim of portfolio-level mitigation and adaptation results to exceed the IRM average;
- at least maintaining the actual IRM share of adaptation funding to the most vulnerable countries – reflecting the urgent need for LDCs, SIDS and African countries;
- at least maintaining the IRM level of funding through the Private Sector Facility (20% in GE terms), where the Fund can get even better at partnering with the private sector, leveraging more funds and more innovative projects, including in adaptation;
- diversifying instruments to increase the use of risk finance to achieve higher levels of private sector co-financing compared to IRM.

The UK also welcomes the identification of potential high impact areas/sectors. The Fund should continue to explore these and look for high impact opportunities responding to unmet need – including through enhanced use of strategic programming, based on the sectorial guidance, and through targeted requests for proposals.

The GCF will need to focus on quality in the upcoming period. To this end we also support a number of proposals in the draft USP, notably:

- prioritisation of the most impactful investments, including through strategic, programmatic approaches;

- a strategic approach to accreditation, ensuring GCF has the network of implementing partners ready to really deliver the transformational change needed – giving countries coverage and choice of implementing entity, while keeping a critical view on the number and performance of accredited entities with a view to overall efficiency;
- developing a new private sector strategy so that we can enhance the role of private sector partners – and increase the level of private finance mobilised;
- further clarifying the application of the investment framework, including by closing policy gaps related to concessionality and incremental and full cost methodologies;
- looking to broaden the range of contributors and co-financers to GCF, including contributions from alternative sources and the role of institutional investors.

To deliver these priorities, the GCF will need to adopt improved processes to enhance access to funds, while maintaining focus on quality and standards. This includes ensuring the enhanced use of decision-making between meetings – and exploring the potential for a 2-stage project approval process. An improved knowledge management, results monitoring/reporting and ongoing learning will allow us to look critically at the GCF's performance and fine-tune policies. It will be important to show clearly the relationship between resources and results in GCF1. The proposed Integrated Results and Resources Framework (IRRF) looks an important tool for translating the Strategic Plan goals into a set of results, linked to the Fund's theory of change. We look forward to this framework being further developed and discussed.

Finally, when looking at core GCF modalities and processes such as the SAP, and funding through Direct Access Entities, the UK supports looking for options to enhance their use and impact. Before deciding on specific targets, we would like to further understand how these would support the GCF in delivering even greater impact on the ground, quickly and at scale.

We look forward to reviewing a further draft of this important document, and to the discussions in Liberia with the Board and the Secretariat of the GCF.