

Submission from Mr. Lars Roth, Alternate Board Member for Sweden

Relating to the Secretariat's invitation to provide written inputs on the **Update of the Green Climate Fund's Strategic Plan** by 30 November 2018.

We very much welcome the update of the strategic plan. In our view the updated strategic plan needs to provide strategic guidance on a number of areas currently left unaddressed:

- 1) Bringing further clarity to the types of **projects** the GCF will support and the priorities and terms it will employ to maximize the impact of GCF's contributions to solutions that can overcome major climate change challenges the world faces. Capacity building in developing countries as well as how to maximize leverage from other financing sources are important elements within this context.
- 2) Setting out the GCF's strategic approach to **programming** its resources.
- 3) Seeking to define the kind of entities the GCF will prioritize to collaborate with (**accreditation**) in order to be able to maximize its impact and to deliver on its mandate of achieving true paradigm change. In this context, provide further guidance on whether there ought to be a limit on how many accredited entities the GCF can work with without negative impact on effectiveness and efficiency.
- 4) Improving **coherence** and **complementarity** of the GCF within the broader multilateral climate financing architecture. In this regard it is important to frame the strategic plan in a broader context. The GCF is a strategically important element in the global climate financing architecture – both by virtue of its size as well as its political standing – but it does not operate in isolation from other actors. Thus, the role and the responsibilities of the GCF vis-à-vis other climate financing deliverers need to be further defined.
- 5) Shifting from **billions to trillions** and how the GCF can contribute to shift investments outside its own investments to be aligned with the Paris agreement (e.g. through the ongoing baseline exercise which requires accredited entities to shift their investment portfolios away from fossil fuels in order to be considered for reaccreditation as well as through providing clear guidance to the Trustee on the financial management of funds held in Trust).
- 6) Strengthening the fund's **safeguards** and its transparency.
- 7) Strengthening **governance**: Decision making procedures in the absence of consensus and how the work of the Board can be further streamlined and become more strategic.
- 8) Strengthening and completing GCF's **MRV policies, procedures, and metrics** at each stage of the project cycle, from accreditation, to proposal design, review, implementation and verification, with a view towards enabling the Fund to effectively measure paradigm shift, and the transformational effects of its investments, in line with the governing instrument.

We believe that the strategic plan – to the extent possible – should take onboard recommendations from the forthcoming review of the GCF.

Furthermore, there is a need to update the Introduction and the Strategic Vision for the GCF considering the recent development and new reports that are implying an urgent need for actions.

"Limiting global warming to 1.5°C would require rapid, far reaching and unprecedented changes in all aspects of society". (Press release 8 October 2018, IPCC-report Global Warming of 1.5°C ^[1])

^[1] Full name of the report: *Global Warming of 1.5°C, an IPCC special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of*

“The science is clear. Without rapid cuts in CO₂ and other greenhouse gases, climate change will have increasingly destructive and irreversible impacts on life on Earth. The window of opportunity for action is almost closed,” said WMO Secretary-General Petteri Taalas” (WMO Greenhouse Gas Bulletin, 20 November 2018)

This implies a need for GCF to analyze how it strategically can adapt to the need to half CO₂ emissions within the next 10-15 years and at the same time support innovative approaches to mobilize resources for adaptation projects and integration of adaptation measures in all investments.

Examples of broader issues that should be covered and analyzed as they have implications for the Operational priorities in the Strategic plan of the GCF as well as the role of the GCF vis-à-vis other actors and stakeholders are:

- Phasing out of fossil fuel subsidies
- Green economy, CO₂ taxes and other (tax) incentives at a macro level
- Increased focus on resource efficiency and especially energy efficiency
- The inclusion of life cycle costs in project assessments
- Not just cutting-edge climate technology but also cutting-edge reforms etc. to influence behavioral changes needed for a low carbon life-styles (around one-ton CO₂e per capita/year)
- Influencing the large pension funds, insurance companies and other funds to exclude fossil fuel investments and integrate adaptation consideration in all their investments