UN Environment Programme input to the Update of the Green Climate Fund Strategic Plan.

General input:

- UN Environment suggests that the Updated GCF Strategic Plan should reflect / take into account the following documents / processes:
  - Guidance from the Conference of the Parties (CoP) of the UNFCCC and status of the GCF responsiveness to the CoP guidance;
  - Latest climate change science including climate change assessment report such as 1.5-degree report of IPCC and the 2018 UN Environment Emission Gap report;
  - Outcomes of the expected GCF Performance Review, SAP window and Independent Evaluation of the Readiness and Preparatory Support Programme;
  - Progress made so far by the GCF in delivering the initial Strategic Plan which should define its baseline for next strategic period;
  - Input received from all stakeholders (Board members, Accredited Entities, Observers etc).

- UN Environment suggests that:
  - More clarity needs to be provided on the linkages between the updated GCF Strategic Plan and other GCF strategic documents such as Strategic Programming Document for the GCF First Replenishment; Readiness and Preparatory Support Programme: Strategy for 2019-2021, and any other upcoming relevant strategies;
  - A Theory of Change of the Fund is suggested as part of the Updated GCF strategic Plan with clear goal, objectives, input, output, assumptions, drivers;
  - A clear timeframe for the implementation of updated strategic Planning is needed including a review process which may be done in line with replenishment periods.

Specific input to the guiding areas:

- *Strengthening country ownership and integrating efforts to meet country-specific needs, requirements, and circumstances:*
  - GCF should identify ways to strengthen the linkages between country's ambition outlined in their NDCs and GCF Country Programs as well as National Adaptation Plans developed through readiness support;
  - Accessibility of readiness funds to support countries update their NDCs as means to increasing their ambition;
  - Streamline the access to readiness funds and strengthen the engagement of NDAs and National Executing Entities in day -to- day implementation of readiness projects;
  - Clear guidance on programmatic approaches to allow countries to address and implement their needs and priorities though programs.

- *Enhancing accessibility and inclusiveness on the frontlines of country and partner engagement:*
  - Further streamlining of the SAP window including through the introduction of a SAP specific project preparation facility;
  - Consider "country allocation" approach for LDCs and SIDS to enable and enhance access to GCF resources.
  - Guidance and promotion of multi - agency projects which can maximize the impact by bringing different comparative advantages and accreditation profiles needed for a transformational change;
  - Modalities for a transparent process for moving the project pipeline to the board for its consideration: we note that the current project selection and prioritization process is subjective and opaque;
  - A two-stage approval process for all project sizes is needed for higher predictability and better access of the resources;

- o Timeframes for project reviews (Concept notes, Funding Proposals, Project Preparation Facility Application, and Readiness proposals) are needed for a better predictability and enhanced accessibility of GCF resources;
  - o GCF may wish to consider setting a cap on the number of Accredited Entities as part of the Accreditation Policy for predictability and enhanced access to the Fund;
  - o Developing benchmarks for each investment priority areas, as well as guidance on what types of projects can be done and the ones that are not feasible or acceptable;
  - o Filling policy gaps and in particular policies on co-finance, incrementality, concessionally, programmatic approaches.

- *Motivating and supporting country-driven and paradigm-shifting actions to drive towards low-emission and climate-resilient development pathways:*
  - o Clear guidance and a definition on the "Paradigm shift" or "transformational change", which are used interchangeably by GCF stakeholders.

- *Sustaining support for countries to invest in knowledge, institutional and human capacity development:*
  - o Effective use of the newly established Communities of Practice to support the project development with the best relevant knowledge and information;
  - o Clear guidance on designing and managing knowledge, institutional and human capacity in Funding Proposals.

- *Supporting capacity development of national institutions for climate change adaptation and mitigation project pipeline development and successful implementation of funded activities:*
  - o Promote the National Execution modality of projects, which will build capacity of national entities, including readiness support projects;
  - o Incentivize the support to national institutions from Accredited Entities with the view to help them strengthen their capacity by filling the gaps in areas of their non-compliance for accreditation to GCF, as they implement Funding Proposals.

- *Motivating and supporting transformation toward sustainable financial systems:*
  - o UN Environment offers its expertise through UN Environment Finance Initiative (UNEP FI) in re directing financial flows towards green investments.

- *Pursuit of ambitious results, greater impacts and fundamental transformation in order to significantly contribute to the achievement of 1.5°C goal and close the Greenhouse Gas (GHG) emission gap by 2030:*
  - o GCF may wish to partner with IPCC and UNFCCC to identify key sectors and sources of emissions where projects with greatest reduction and transformational potential could be developed with the view to develop scenarios of impact in line with resources available.

- *Ambitious resource mobilization through the Fund's First Formal Replenishment:*
  - o The GCF resource mobilization process and its first replenishment should build upon the experience and lessons learnt from 7 cycles of GEF replenishment;
  - o GCF resource mobilization process should include inter alia clarity on the replenishment cycles in light of predictability of resources and better management of commitment authority;
  - o Need for non-earmarked contributions from donors.

Other considerations:

  - o *Role of GCF secretariat*
    - ▪ The role and responsibilities of the GCF secretariat need to be clearly defined vis-à-vis the role of the Accredited Entity. We have noted an increasing number of instances where the GCF secretariat is undertaking the supervision and monitoring functions which should be delegated to the Accredited Entity. There is an overlap of functions between GCF secretariat

and Accredited Entities, particularly with regard to project design, and project implementation. This overlap dilutes the authority of the Accredited Entity and limits the AE's efficiency and ability to exercise project adaptive management.

- The Accreditation Master Agreement and Framework Agreement for Readiness and Preparatory Support impose onerous obligations on Accredited Entities/Delivery Partners. However, the authority delegated to Accredited Entities/Delivery Partners is not commensurate with these obligations. The GCF Secretariat controls the supervision and monitoring of projects by subjecting Accredited Entities/Delivery Partners to numerous rounds of review on progress reports. The GCF secretariat thereafter delays subsequent disbursements which impedes project implementation, and limits the Accredited Entity/Delivery Partner effectiveness.

- The role of the secretariat includes providing guidance and interpretation of its own policies and Board decisions. However, there have been many instances of contradicting guidance and messages. More guidance is needed on existing policies.

- The process for negotiation of Funded Activity Agreements should be streamlined, particularly for entities which have agreed/signed FAAs. The GCF Secretariat should have timeframes for the negotiating process to avoid delays in finalizing FAAs.

- The implementation of readiness projects is overly complex and marred with significant administrative burdens. The GCF secretariat should re-think its role for implementation of readiness projects, and should delegate further authority to the Delivery Partner.