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The Strategic Plan for the GCF: 2020–2023

Summary

Through decision B.22/06, the Board requested the Secretariat, under the guidance of the Co-Chairs, to present an update to the initial Strategic Plan for consideration by the Board at its twenty-fourth meeting. This document responds to that request, presenting a draft Strategic Plan for 2020–2023, the first replenishment period of the GCF.

The draft 2020–2023 Strategic Plan has been developed taking into account findings from the Forward-Looking Performance Review of the GCF by the Independent Evaluation Unit, work requested by the Board on strategic programming for the first replenishment of the GCF and consultations with stakeholders on the update of the Strategic Plan, including 77 submissions received from members and alternate members of the Board, national designated authorities, accredited entities, members of the Private Sector Advisory Group, and active observers and registered observers to GCF.

***Note**: Proposed goals are indicated in the document in brackets and subject to further consultations and analysis.*

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I. Executive Summary

1. The GCF was established as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and also serves the Paris Agreement. It is mandated by the Governing Instrument for the GCF to make a significant and ambitious contribution to global efforts towards attaining the goals set by the international community to combat climate change.

2. Following its initial resource mobilization (IRM) in 2014, the GCF evolved under the guidance of an initial Strategic Plan adopted by the Board at its twelfth meeting (B.12) (decision B.12/20), which set out a long-term strategic vision for the GCF of promoting the paradigm shift towards low-emission climate-resilient development in developing countries and supporting the implementation of the Paris Agreement, taking into account the needs of developing countries particularly vulnerable to the adverse effects of climate change.

3. The initial Strategic Plan set out operational priorities and an action plan for the IRM period focused on scaling up GCF investments; maximizing impact with a balance between mitigation and adaptation funding; ensuring responsiveness to developing countries' needs and priorities; and proactively communicating the ambition, approach to programming and operational modalities of the GCF, with a view to enhancing predictability, facilitating access and investing the full amount pledged.

4. During the IRM, the GCF built a USD 5.23 billion portfolio of 111 projects,[1] leveraging USD 18.72 billion in total climate investments for 99 developing countries. These investments are expected to avoid 1.5 billion tonnes of carbon dioxide equivalent (tCO_2eq) and increase resilience for over 310 million people. Funding has been allocated with 54 per cent covering to adaptation and 46 per cent covering mitigation in grant-equivalent terms,[2] with almost 75 per cent of adaptation funding directed to particularly vulnerable countries. GCF has built this portfolio by growing a network of 88 accredited entity (AE) partners, including 51 direct access entities (DAEs), as well as reaching 126 countries through its Readiness and Preparatory Support Programme (Readiness Programme). Throughout the IRM period, the GCF has fully operationalized its funding windows and access modalities, adopted best practice policies and standards to guide its activities, and built a fully and professionally staffed institution.

5. These actions to deliver the initial Strategic Plan have clearly demonstrated the programming and institutional capabilities of GCF, with the expectation that the balance of resources from the IRM will be fully committed by the end of 2019. Accordingly, GCF enters its first replenishment period (2020–2023) at a much more mature stage of operations, ready to be informed by the lessons learned from the IRM, with opportunities still to be seized and gaps to be addressed to realize its full paradigm-shifting potential.

6. The Strategic Plan for the GCF 2020–2023 (2020-23 Strategic Plan) has been developed within this context in order to set out a more comprehensive and ambitious strategic agenda for the next phase of operations of GCF. The 2020-23 Strategic Plan is informed by global developments, including the latest climate science, which point unequivocally to the need for greater urgency, speed and transformational solutions if the world is to limit warming to well below 2 °C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change, in line the Paris Agreement. It also recognizes the imperative for scaled-up climate investment to meet the ambitions set out by developing countries in the

[1] As at September 2019.
[2] The methodology converts the value of different grant and non-grant instruments into a comparable grant equivalent value.

nationally determined contributions (NDCs), adaptation plans and national climate strategies, utilizing GCF resources to catalyse wider shifts in finance to support developing countries' climate investment needs.

7. In parallel, the 2020-23 Strategic Plan is informed by the lessons learned and experience of GCF itself. This includes the findings of the first Forward-Looking Performance Review (FPR) of the GCF, which was completed in June 2019 by the Independent Evaluation Unit, and highlighted an opportunity to sharpen the strategic vision of GCF through more clearly defined targets and a programming focus. The 2020-23 Strategic Plan includes lessons learned from the implementation of the initial Strategic Plan, which, along with the FPR, highlighted aspects of the GCF business model and operations to be refined, particularly as GCF progresses towards implementation and results management, alongside new programming. The Strategic Plan 2020–2023 also draws on extensive engagement with stakeholders, who have stressed the need for greater clarity, predictability and guidance from the GCF on its programming directions and policies, as well as calls for improved and streamlined access.

8. Drawing this together, the 2020-23 Strategic Plan sets out a vision and theory of change for how GCF can work with its partners to more urgently and impactfully respond to its paradigm-shifting mandate. GCF will seek to capitalize on its unique role under the UNFCCC and the Paris Agreement as the largest multilateral climate fund, magnify the impact it delivers for developing countries as well as leverage investments at scale to support developing countries' needs.

9. This vision will be implemented by strategically utilizing sectoral guidance across the eight results areas of GCF, as well as through GCF support programmes and institutional support, to contribute to four key outcomes: (1) building capabilities in developing countries for transformational planning and programming; (2) catalysing climate innovation; (3) scaling up innovation through mobilizing investments at scale; and (4) expanding knowledge to replicate success and support the alignment of financial flows with the Paris Agreement. These four outcomes have been identified as the key building blocks for effecting the long-term strategic vision of GCF: helping developing countries achieve a paradigm shift.

10. GCF is a partnership institution. It works for and through its partners, including its national designated authorities, focal points, and AEs ranging from some of the largest commercial banks in the world to ground-breaking civil society organizations. The 2020-23 Strategic Plan envisions GCF scaling up its engagement with developing countries and implementing partners to deliver increased climate results across its eight approved investment results areas.

11. Programming will be guided by the overall goals and principles of the Governing Instrument for the GCF, guidance from the UNFCCC and Paris Agreement, as well as targeted goals for 2020–2023. These include the commitments of the GCF to balance mitigation and adaptation funding and prioritize support for particularly vulnerable countries, people and communities. Within each of the eight results areas, GCF will help support high-impact sectoral priorities to shift the dial on climate change and avert path dependencies leading us to catastrophic climate change, in line with national and regional priority areas of action. In each result area, it will also aim to deliver integrated mitigation, adaptation and development benefits.

12. Funds can syndicate to deliver large-scale transformative changes. GCF will develop programming in complementarity with other funders, leveraging its strategic capabilities in terms of country-drivenness, open collaboration, flexibility of financing instruments and risk appetite to pursue innovative partnerships to scale-up, de-risk and demonstrate the financial sustainability of climate investments.

13. The 2020-23 Strategic Plan sets out a critical action agenda to guide GCF in refining its business model and operating modalities to deliver its ambitious programming vision. These actions focus on improving the way GCF implements country ownership in programming, enhances access to resources, executes investment programming to maximize impact through the smart use of its instruments and risk appetite, meaningfully engages the private sector, and expands knowledge. The action agenda also covers concrete proposals for GCF to clarify and simplify its operational processes, improve transparency and predictability, manage results, maintain best practice policies and standards, and deliver overall with greater efficiency and effectiveness. The commitment of GCF to address gender and act with sensitivity to the needs of vulnerable people and communities will be mainstreamed across its modalities, processes and practices.

14. Sections 3 and 4 of the 2020-23 Strategic Plan draw out the implications of the strategic vision for the forward policy agenda and operational resourcing requirements of GCF. Annex III contains the draft of the first integrated resources and results framework (IRRF) of the GCF, which links targeted outcomes to resources and would frame the development of annual work programmes. Based on illustrative resourcing and allocation scenarios modelled by the Secretariat, the draft IRRF shows the potential of GCF to deliver increased adaptation and mitigation results for each USD 1 billion invested, compared to the IRM period, through strategic programming, including increased usage of risk mitigation financial instruments and greater mobilization at scale.

15. The GCF proposes to report annually on progress towards delivering the 2020-23 Strategic Plan, challenges encountered, and lessons learned, with overall progress to be considered as part of a formal mid-cycle performance review. This reporting will serve as a checkpoint for the Board and the Secretariat to reflect short-term course corrections during the period 2020–2023 and inform the development of strategic direction for the second and subsequent replenishment periods of GCF.

II. Building a Strategic Plan for 2020–2023

2.1 The initial Strategic Plan and progress during the initial resource mobilization

16. At B.12 in March 2016, the Board endorsed an initial Strategic Plan for the GCF. This occurred just over one year after the initial pledging session raised USD 10.3 billion in pledges for the IRM, of which USD 8.2 billion was confirmed through contribution arrangements and USD 7.2 billion was made available for commitment after accounting for exchange rate variations. The initial Strategic Plan was intended to articulate to the world the vision and operational priorities of GCF as a newly set up multilateral climate fund, and to guide the Board in addressing policy gaps and programming GCF resources for the 2015–2018 IRM period in order to invest GCF resources in a country-driven manner towards achieving paradigm-shifting outcomes.

17. The initial Strategic Plan guided GCF through its initial operational phase, with a focus on scaling up investments, building approaches to ensure responsiveness to developing country needs, clarifying programming and operational modalities, and strengthening the institutional capacities of GCF. Through the IRM, GCF built a USD 5.23 billion portfolio of 111 projects, leveraging USD 18.72 billion in total climate investments for 99 developing countries. GCF delivered this through a growing network of AEs, which currently stands at 88 of which 51 are DAEs. The GCF also supported 126 countries through readiness resources, helping them build capacity to access climate finance and integrate climate considerations in national planning. In

Commented [LP1]: This sentence needs to be complemented with figures on disbursements. Otherwise, it does not show the complete story about the GCF performance.

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the second half of the IRM, implementation also began in earnest, with GCF moving from 1 project under implementation in 2016 to a total of 60 projects worth USD 2.5 billion in GCF financing under implementation as at end August 2019.

18. At the twenty-second meeting of the Board (B.22), the Secretariat presented the "Report on the implementation of the initial Strategic Plan of the GCF: 2015–2018"[3] to the Board. It outlined progress achieved during the IRM and acknowledged that the GCF delivered strongly in setting up the institutional foundation and related funding windows, policies and procedures required to programme climate finance at scale. The report also reflected on challenges encountered in delivering on the GCF mandate, including the need to widen and simplify access to GCF resources; clarify its objectives, standards and procedures to external stakeholders; improve the transparency and predictability of its funding processes; stabilize its investment, policy development and review cycles; and embrace a more proactive and inclusive approach to programming for impact. The report highlighted opportunities to refine the strategic directions of GCF to improve on IRM performance and better fulfil the potential of GCF to realize impact, innovation, leverage and accessibility.

2.2 Lessons learned through the Forward-Looking Performance Review

19. At the twenty-third meeting of the Board (B.23), the Independent Evaluation Unit presented the findings of the first FPR of the GCF, providing additional evidence and recommendations to guide the future strategic planning of GCF. Overall, the FPR concluded that the initial Strategic Plan was fit-for-purpose at the time it was adopted and for guiding the initial stage of operations of GCF. But the FPR highlighted that GCF should significantly sharpen its strategic vision, modalities and focus in response to identified challenges and opportunities to enable a faster and more comprehensive delivery on its paradigm shift mandate.

20. The FPR set out four main areas of recommendation:

(a) Develop a strategic plan that focuses on GCF being a global thought leader and climate-policy influencer that establishes its unique role commensurate with innovation and impact, including by building a knowledge hub; further assessing the niche in which GCF investments would have most impact; using incentive systems to drive innovation; leveraging the private sector at scale; and maximizing the GCF's impact;

(b) Strengthen criteria, business processes and implementation structures that are likely to better address differentiated developing country needs and capacities, with a focus on DAEs. Detailed recommendations included revising the accreditation framework and process and strategically prioritizing entities that can contribute to the mission of GCF; differentiating processes to reflect the diversity in country needs and entity capacities; applying the investment framework more robustly in the prioritization of projects; reviewing the policies of GCF for their climate additionality; and further clarifying the role of stakeholders in the GCF ecosystem;

(c) Re-emphasize adaptation while recognizing (and leveraging) the role of new actors in mitigation (and their special needs) and strengthen the role of the private sector in an overall symbiotic ecosystem of financial instruments and modalities. Recommendations include adopting programming goals to increase the nominal share of adaptation in the GCF portfolio along with considering the prioritization of mitigation interventions that have the potential to deliver the greatest impacts in the near term; and

[3] Document GCF/B.22/Inf.13.

(d) Clarify and re-examine the separation of supervision and management in GCF and consider delegating authority to emphasize agency, responsibility and urgency in delivering on developing country climate needs. Recommendations include a fuller delegation of authority to the Secretariat on operationalizing Board-approved policies; enhancing the predictability of GCF financing through more regularized Board processes; and closing priority policy gaps.

21. The Board is to conclude its consideration of the FPR and management response at the twenty-fourth meeting of the Board (B.24).

Commented [LP3]: It is important the Board decides what is the role of these recommendations and if should be included in the strategic plan. It seem we are incorporating some recommendation that will be considering post the deliberations on the strategic plan.

2.3 Process for developing the 2020-23 Strategic Plan

22. The initial Strategic Plan expressly indicated the Board's intent to review the Strategic Plan as part of each GCF replenishment process. After the formal launch of the first replenishment process of GCF at B.21, the Board considered the comprehensive "Report on the implementation of the initial Strategic Plan of the GCF: 2015–2018" at B.22, along with a "Synthesis of Board submissions on the update of the Strategic Plan of the Green Climate Fund".[4] After considering these inputs, the Board formally commenced the process for updating the initial Strategic Plan.[5]

23. The Board invited members and alternate members, as well as a wider range of stakeholders (countries, AEs, observers and members of advisory groups) to submit their views on the priorities to be taken up under the updated Strategic Plan through an inclusive process of engagement. In total, the Secretariat received 77 submissions. Seventeen inputs were received from members and alternate members of the Board, 16 inputs from national designated authorities, 21 submissions from representatives of AEs, 1 joint submission from active observers, 5 inputs from members of the Private Sector Advisory Group (PSAG) and 17 submissions from observers to the GCF. These provided diverse inputs on priority issues for the updated Strategic Plan, as follows:

(a) Board submissions covered the need to close remaining policy gaps on the Board's agenda and improve existing governance processes; improve the way GCF measures paradigm shift and strengthen its results management system; and adopt more strategic approaches to investment programming and accreditation. Substantial focus was also placed on building the GCF to be a centre of excellence in climate finance and a global thought leader on transformational change and paradigm shift;

(b) Inputs from developing countries emphasized the importance of GCF continuing to respond to country needs, support country-driven programming and reflect the latest climate science in its updated strategic directions. Developing countries emphasized the added value of accessing predictable readiness resources to support them in their planning and programming and placed strong emphasis on substantially simplifying the access modalities and review processes of GCF, including further simplifying the simplified approval process (SAP) and prioritizing support for DAEs;

(c) Submissions from AEs called for clearer programming guidance from GCF, further simplified access modalities and legal processes, and more consistent and streamlined internal reviews. AEs also called for more transparent processes to inform stakeholders in real time of the status of proposals. They also requested that GCF consider a classification and categorization of AEs that would enable the GCF to differentiate its

[4] Document GCF/B.22/17.
[5] Decision B.22/06.

accreditation process along with project submission, review and reporting requirements based on their existing capacities and track record; and

(d) Observer groups at large requested the GCF to widen its networks and facilitate third party engagements along its programming value chain in parallel with continuing to support active observers' participation in GCF decision-making. Submissions from PSAG called for GCF to be more flexible in its programming with the private sector and encouraged GCF to more fully utilize its instruments and resources to tap into available market resources and trigger required market changes.

24. All submissions have been made available on the GCF website.[6]

25. At B.22 and B.23, the Board also considered a strategic programming document[7] outlining scenarios for the GCF replenishment that was informed by ambitious mitigation and adaptation scenarios, the implementation potential of GCF, and the needs of developing countries. GCF drew up three working scenarios for its evolution over the coming years to deliver higher ambition and impact: a baseline "continuing business" scenario; an "upper frontier" scenario focused on maximizing quantifiable results consistent with a below 2 °C global pathway; and a "pursuit of impact" scenario that embodies ambition but broadens the perspective of the impact potential of GCF to more fully reflect equity and climate justice dimensions and realize the long-term potential of GCF for driving paradigm shift.

26. After several rounds of Board consultation and discussion, the weight of support was for GCF to follow the "pursuit of impact" scenario for its first replenishment period. This scenario proposed broadening the GCF focus on impact potential beyond tonnes of carbon dioxide equivalent and beneficiaries; and examining the effectiveness of GCF in enabling developing countries to identify and implement innovative, bold and transformational climate interventions aligned with their unique needs, NDCs, national adaptation plans and other national climate strategies. It proposed that GCF should work in a more focused way with developing countries and entities to (i) accelerate capacity for transformational programming and implementation; (ii) innovate and then de-risk pipelines of investments that create value chains for systemic change; and (iii) expand climate-compatible investment knowledge on a global scale. This scenario also presented a set of strategic, business model and operational measures that would enable GCF to deliver greater impact under this programming scenario.

27. The strategic programming document laid out seven strategic programming principles to guide the evolution of GCF, reflecting its distinctive character and also upholding the overall guiding principles set out in the Governing Instrument and under the UNFCCC. These are: (1) keeping countries at the centre; (2) investing in institutional transformation; (3) supporting science-based systems thinking; (4) orienting funding to needs and impact; (5) risk-taking to catalyse and scale up innovation; (6) supporting those particularly vulnerable to the adverse effects of climate change; and (7) leveraging knowledge and partnerships for climate impact.

28. Consultations on the strategic programming document conveyed the direction that GCF should seek to strengthen its ambition for the first replenishment period by remaining true to its Governing Instrument while sharpening focus on its comparative advantages, striving for greater impact, simplifying its operational modalities to deliver with greater urgency, speed and transparency, and improving efficiency and effectiveness.

[6] See <https://www.greenclimate.fund/who-we-are/about-the-fund/inputs-to-strategic-plan>.
[7] GCF/B.22/Inf.12 and GCF/B.23/Inf.09

2.4 Consolidating strategic directions

29. Taken together, the various inputs to the 2020–23 strategic planning process mentioned above present a broadly aligned set of directions for further developing the GCF strategy, business model and operational modalities. In summary, the 2020-23 Strategic Plan seeks overall to respond to calls to:

(a) Clarify the overall vision of the GCF to place renewed focus on urgently delivering impact to developing countries and provide clearer guidance on what the GCF will fund;

(b) Better define the unique value-added and comparative advantage of the GCF in the wider climate finance landscape and strengthen complementarity with other climate funds;

(c) Maintain focus on building the institutional capacities for developing countries to programme and channel climate finance, in particular through DAEs;

(d) Improve access to GCF resources through a network of implementing partners equipped to deliver the investments countries need;

(e) Support the development of transformational projects from national planning to concept identification to project preparation and funding proposal development;

(f) Support innovation and shift funding at scale, including through a more diversified use of instruments;

(g) Explore potential to drive innovative financing at a greater scale for adaptation, maintaining a focus on those particularly vulnerable to climate change;

(h) Strengthen private sector engagement, including wider private sector participation in country programming, and increase investment in adaptation activities;

(i) Improve efficiency, effectiveness and transparency of allocation processes as well as speed of delivery;

(j) Improve tracking and monitoring of results achieved through GCF investments;

(k) Stabilize and simplify GCF processes and policies while maintaining best practices; and

(l) Enhance thought leadership through knowledge management to promote the spread of best practices, standards and climate investment knowledge.

30. In line with the Governing Instrument and decision B.22/06, the 2020-23 Strategic Plan is also based on:

(a) Upholding the mandate of the GCF as outlined in its Governing Instrument and as an operating entity of the financial mechanism of the UNFCCC also serving the Paris Agreement;

(b) Internalizing the country-driven approach of the GCF, recognizing developing countries as the main partners and stakeholders;

(c) Acknowledging that the GCF has reached a more mature stage of operations compared to its initial operational cycle and strives to reach growing strategic maturity; and

(d) Seeking continuous improvement in the accessibility, efficiency, effectiveness, impact, scale and reach of the GCF.

III. Introducing the Strategic Plan

3.1 Capitalizing on the unique role of the GCF in the climate finance landscape

31. The 2020-23 Strategic Plan set out in annex I to this document was developed to set out a much more comprehensive, detailed and ambitious strategic agenda for GCF in its first replenishment period compared with the initial Strategic Plan for the IRM.

32. The 2020-23 Strategic Plan was developed in the context of the current climate finance landscape and informed by the latest climate science, which points unequivocally to the need for greater urgency, speed and transformational solutions if the world is to limit warming to well below 2 °C or 1.5 °C, while raising adaptive capacity, in line with the Paris Agreement. It also recognizes that rapidly scaled-up climate investment is essential to meeting the ambitions set by developing countries in their NDCs, national adaptation plans and national climate strategies and to further scaling up ambition under the Paris Agreement.

33. In the light of the lessons learned from the IRM, the GCF's 2020-23 Strategic Plan brings a clearer and more assured vision of the role GCF can play as the world's largest dedicated climate fund. As a catalytic financing instrument, GCF can invest public climate finance where it is the most needed to rapidly drive the institution- and policy-building, innovation, de-risking and knowledge transfer required to avoid unmanageable path dependencies and catalytically shift the much wider investments – in the trillions – needed to implement developing countries' NDCs and adaptation plans.

34. This vision builds on the following unique comparative advantages of GCF:

(a) **GCF is country driven**. With equal voice given to developed and developing countries in its governance, GCF embodies the joint global effort behind the UNFCCC and Paris Agreement. The Readiness Programme, support for direct access and national adaptation planning, the Project Preparation Facility and technical assistance are distinctive tools that place countries in the drivers' seat in shaping the finance and assistance they need based on their national climate plans and priorities. GCF enables developing countries to envision a world where net zero emissions would have been achieved driven by a new range of technology and business practices, but where communities, ecosystems and economies will have to cope with substantial climate challenges. GCF supports countries in identifying the key transformative changes required today to thrive in this new world. This lays the foundation for the country-driven transformation of programming and investments;

(b) **GCF is flexible.** GCF is capital-agnostic. It provides unique flexibility in how it can deploy its grant and non-grant instruments to support developing countries' paradigm shift towards low-emission, climate-resilient development. Project funding can take the form of grants, equity, loans or guarantees depending on developing countries' unique needs to spur and scale up innovation;

(c) **GCF is willing to take risks.** As a fund created to drive change and de-risk action to raise ambition, GCF is designed to take more risks than other major public and private investors and accept some failures in the interest of demonstrating innovative solutions and delivering climate impact. Risk financing is designed to unlock projects that would not have happened without GCF financing and mobilize conventional sources of finance to multiply the impact of GCF resources;

(d) **GCF is collaborative.** As the hub of a partner network, GCF is uniquely positioned to forge novel partnerships between government, public, commercial and philanthropic institutions to deploy blended finance. It is also positioned to help developing countries navigate a complex climate finance landscape and act as a convenor of expertise, knowledge and management capacity. Finally, GCF can enhance the climate focus and operation of partners themselves, promoting the uptake of best-practice environmental, social and gender standards and acting as a catalyst for climate-informed decision-making and institutions; and

(e) **GCF balances and optimizes synergies between mitigation and adaptation**. GCF recognizes that raising ambition for both adaptation and mitigation to avert catastrophic climate impacts is required. The days we could avert climate change through raising mitigation ambition only are over. GCF aims to drive more finance into adaptation and resilience, including prioritizing funding for the particularly vulnerable. By working to balance allocation of funding, GCF is positioned to create synergies through interventions that optimize adaptation, mitigation and development co-benefits. Proving new adaptation business models, building the scale of adaptation responses, and attracting greater private sector investment are challenges that GCF is uniquely prepared to take on.

35. While these five strategic capabilities – country ownership, instrument flexibility, risk appetite, open collaboration, and a balanced focus on mitigation and adaptation – set GCF apart, they also make it complementary to other financing mechanisms. Within the broader climate finance landscape, the comparative advantages of GCF position it to serve both as an accelerator and an amplifier: bringing to scale successful innovations of other climate funds, such as the Adaptation Fund and Global Environment Facility; using its unique range of grant and non-grant instruments to blend finance with multilateral development banks and development finance institutions to build the financial sustainability of climate investments; and leveraging its capacity for partners with a wide range of actors to de-risk and catalyse private investment in climate projects and create new bankable asset classes.

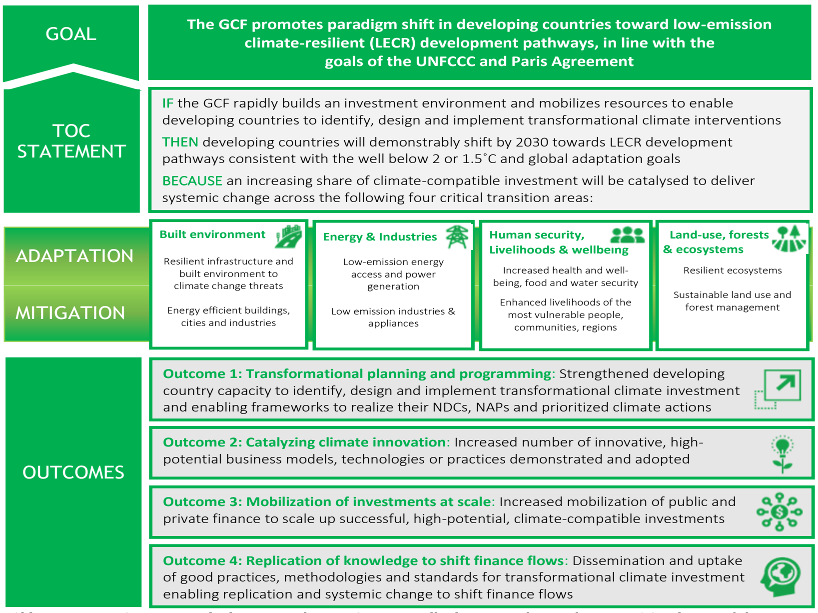
3.2 Implementing the vision: the GCF theory of change

Commented [LP4]: It is a concern how different concepts such as, GCF theory of change, paradigm shift (as part of the investment criteria) and transformational change are overlapping. This is confusing for proponents from public and private sectors. Particularly relevant in developing countries where these concepts are not well understood and there is not capacity to support these concepts. The Board has to consider and decide how to use these concepts in the strategic plan in order to meet the objective of the GCF

36. To concisely articulate to partners its paradigm-shifting strategic vision, GCF updated and consolidated its initial mitigation and adaptation logic models into a Fund-level theory of change. This explains how GCF seeks to work with developing countries and other partners to drive a rapid paradigm shift towards low-emission, climate-resilient development pathways in line with the goals of the UNFCCC and Paris Agreement, and based on its comparative advantages.

37. As shown in figure 1, the vision will be implemented by supporting high-impact sectoral interventions across the eight mitigation and adaptation results areas of GCF, as well as GCF support programmes and institutional support, through four key paradigm shifting outcomes: (1) building capabilities in developing countries for transformational planning and programming; (2) catalysing climate innovation; (3) mobilizing investments at scale; and (4) expanding knowledge to replicate success. GCF will seek to measure and report on paradigm-shift outcomes as well as quantified adaptation and mitigation impacts across the GCF results areas. The programming strategy set out in the Strategic Plan 2020–2023 indicates how GCF will seek to work with developing countries and implementing partners on programming to realize these outcomes.

Figure 1: The GCF Theory of Change



Abbreviations: NAP = national adaptation plan, NDC = nationally determined contribution, TOC = theory of change, UNFCCC = United Nations Framework Convention on Climate Change

3.3 Structure of the 2020-23 Strategic Plan

38. The 2020-23 Strategic Plan set out in annex I captures the overall long-term strategic vision of GCF and seeks to translate this into an ambitious and comprehensive programming, operational and institutional action agenda for the next four years. It is structured into the following parts:

(a) **Section 1** sets out the long-term strategic vision of GCF, operationalized through key outcomes and a programming strategy for delivering increased adaptation and mitigation impact for developing countries. This section also includes a set of strategic goals for 2020–23 against which progress can be measured;

(b) **Section 2** outlines the action agenda needed to deliver the strategic vision and strategic goals for 2020–23, focused on actions to evolve and strengthen the GCF business model and actions to enhance the efficiency, effectiveness and transparency of operational modalities, to speed up delivery of support and reduce engagement costs; and

(c) **Section 3** looks into the wider implications of the 2020-23 Strategic Plan work planning and reporting, including aligning GCF policy development and reviews with the 2020-23 Strategic Plan, aligning operational budgets and financial planning with the 2020-23 Strategic Plan, and explaining how GCF will monitor and report on progress towards implementing the 2020-23 Strategic Plan.

39. Annexes II and III are an integral part of the 2020-23 Strategic Plan and set out:

(a) **Annex II:** a more detailed snapshot of potential programming approaches across the eight results areas of GCF, including high-potential impact areas where GCF could seek to work with developing countries and AEs to create a paradigm shift; and

(b) **Annex III:** the IRRF, which provides a blueprint for linking GCF resources to GCF's anticipated outcomes and which will be operationalized to track progress across the Fund's activities, investments and operational and efficiency gains.

IV. Action by the Board

40. This draft 2020-23 Strategic Plan is being presented for consideration by the Board at its twenty-fourth meeting. A second draft will be presented for endorsement by the Board at its twenty-fifth meeting based on feedback received, further consultations and the Board's consideration of the outcome of the Replenishment process, with a view to unify GCF's strategy-setting processes.

Annex I: Strategic Plan for the GCF 2020–2023

I. Strategic vision of creating a paradigm shift towards low-emission and climate-resilient development pathways

1.1 Strategic vision of the GCF

1. The Strategic Plan for the GCF 2020–2023 (2020-23 Strategic Plan) is intended to guide GCF, as a continuously learning institution, in further developing its operational modalities and performance with a view to achieving the overarching objectives set under the Governing Instrument for the GCF. The Governing Instrument indicates that the Board will steer GCF operations so that they evolve with the scale and maturity of GCF and will exercise flexibility to allow GCF to evolve over time and become the main global fund for climate finance.

2. The initial Strategic Plan for the GCF articulated the Board's long-term strategic vision for GCF, which is to:

(a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and

(b) Support the implementation of the Paris Agreement within the evolving climate finance landscape.

3. In the light of the current global context and latest scientific knowledge highlighting the imperative for greater urgency and more transformational solutions if the world is to successfully tackle climate change, GCF intends, over the period 2020–2023, to accelerate and raise the ambition of its efforts to promote a paradigm shift and support developing countries in the implementation of the Paris Agreement, in line with the goals of the United Nations Framework Convention on Climate Change (UNFCCC) and Article 2 of the Paris Agreement.

4. Building on the lessons learned during the initial resource mobilization (IRM), the 2020-23 Strategic Plan sets out a comprehensive and ambitious strategic agenda for delivering the GCF strategic vision, focused on deploying catalytic funding to drive the institution- and policy-building, innovation, de-risking and knowledge transfer needed to avoid unmanageable path dependencies and shift the wider investments needed to meet developing countries' ambitions. GCF will pursue this vision by tapping into its distinctive features of being country-driven, balancing mitigation and adaptation, operating through an inherently collaborative business model and deploying a flexible range of financing instruments and project structures to address the full spectrum of developing countries' climate change needs and opportunities.

1.2 Programming for increased impact

5. Over 2020–23, GCF will seek to translate its long-term strategic vision into accelerated action by working with developing countries and implementing partners to programme paradigm-shifting investments across its eight mitigation and adaptation result areas. Investment programming for 2020–23 will overall aim to deliver increased climate results for developing countries compared with the IRM period. GCF has illustrated these eight results areas as crossing over four overarching "climate transitions" – in the built environment; energy & industry; human security, livelihoods and wellbeing; and land use, forests and ecosystems – to show the possibility for GCF investments to promote integrated climate solutions that deliver cross-cutting mitigation, adaptation and development benefits.

6. Programming will be guided by the principles and provisions of the Governing Instrument, guidance from the Conference of the Parties and Paris Agreement, agreed resource allocation parameters decided by the Board, and strategic goals for 2020-23. Programming will also continue to be based on a country-driven approach, placing countries' identified national and regional priorities at the heart of the investment programming.

7. GCF will, in parallel, seek to respond to feedback requesting a more proactive GCF role in guiding programming and supporting the development of pipelines of projects and programmes that fit the GCF investment criteria. GCF will work through strategic dialogue with developing countries and accredited entities (AEs) to utilize information about climate risks, developing country needs, market conditions and the comparative advantage of GCF to help identify prospective areas for high-impact potential programming across its eight results areas and develop sector guidance. These represent areas where GCF can help shift the dial on climate change by working with its partners on the transformational, innovative and catalytic investments that must happen at scale in the next 10 years if the world is to stay on track in tackling climate change.

8. GCF invests in eight result areas. Potential high-impact interventions in each result area are briefly outlined in paragraphs 9-17 below and in greater detail in annex II to this document. This approach has been discussed and refined in consultation with countries and entities at the GCF Global Programming Conference, held in Songdo, Republic of Korea, in August 2019. It will continue to be refined based on consultations with developing countries and other partners, and in parallel with the development of more detailed sectoral guidance.

9. More than 150 countries have identified **energy** as a priority sector in their nationally determined contributions (NDCs). GCF will continue to focus on de-risking private sector finance in solar, wind and geothermal energy. It will step up its efforts in nascent renewable energy markets, recognizing that least developed countries have seen only 0.01 per cent of total clean energy investment from 2009 to 2018. In more mature renewable energy markets, GCF will explore options to enhance transmission and distribution as well as storage to allow countries to increasingly leverage renewable energy sources to meet their energy needs.

10. In addition, GCF will work with partners in the energy access arena to promote the development of sustainable business models for off-grid energy supply and prioritize investments that deploy renewable energy for adaptation. GCF will advance clean cooking initiatives by deploying financing to strengthen supply chains and uptake of devices and fuels. These initiatives will have a particular focus on women entrepreneurs as the household managers of decentralized energy products and services.

11. **Transport** is one of the top sectors identified in developing countries' needs assessments. GCF will help countries build the capacities to conduct holistic mobility planning. This can be coupled with regulatory and investment support to identify, pilot and scale up sustainable urban mobility solutions following the "avoid-shift-improve" model. GCF might also support energy efficient ocean-based transport.

12. Under the **buildings, cities, industries and appliances** results area, GCF recognizes that over 60 per cent of the global population is expected to reside in cities by 2050. GCF will support both megacities and rapidly emerging secondary cities to avoid carbon-intensive climate vulnerable path dependencies It could support the development and implementation of integrated green cities action plans and dedicated blended finance facilities, unlocking financing for local governments, and leveraging private investment in low-emission, climate-resilient urban development. Anticipating the rapid increase in demand for air conditioning as the world warms, GCF will also help accelerate global energy efficient cooling initiatives. It could drive innovation in residential cooling by supporting countries with standards, labelling and technology uptake at scale.

13. Forest conservation and management are a large part of the solution to climate change. GCF will contribute to **sustainable land use and forest management** through four strategic interventions: deforestation-free commodity supply chains; forest restoration and reforestation; sustainable forest management; and forest conservation. GCF has the potential to support both the scaling up of REDD-plus and test financial structures that catalyse private sector investment through both markets for forest emission reductions and sustainable supply chains.

14. Programming in 2020–2023 will maintain a core focus on enhancing the adaptive capacities of **most vulnerable people, communities and regions**, taking full account of gender equality and social inclusion dimensions. As a fundamental building block for climate risk reduction measures across all sectors, GCF will work with countries to support integrated impact-based multi-hazard climate information and early warning services. Approximately 77 per cent of the NDCs from Africa and the Middle East, 76 per cent from Latin America and the Caribbean and 100 per cent from Asia and the Pacific highlight the need for enhancing climate information and early warning. GCF support could include the strengthening the capacity of hydromet services and supporting innovative revenue-generating applications for climate information and insurance services to help protect livelihoods.

15. In enhancing **health, well-being, food and water security**, GCF will continue to prioritize support for climate-resilient smallholder agriculture in line with countries' identified priorities (93 per cent of developing countries' NDCs include adaptation action in agriculture and 71 per cent include mitigation actions). It will focus on sustainability and scalability by (i) supporting business models and value chains for more resilient crops and farming techniques, as well as risk transfer through insurance; and (ii) building coalitions for systemic or programmatic approaches that scale up successes. GCF can also promote a synergistic approach to tackling the water-energy-food nexus through integrated water resource management and de-risking of investment in water resource management and water service provision.

16. **In the built environment**, GCF can help countries urgently realize the long-term net benefits of investing in climate-resilient infrastructure. Over 50 per cent of NDCs highlight the importance of infrastructure resilience. GCF can help countries conduct an integrated risk assessment according to different climate scenarios; identify portfolios of critical infrastructure; develop an enabling policy environment; and pilot structuring models to finance buildings or upgrade critical climate-resilient infrastructure. This is particularly important for small island developing States (SIDS), least developed countries (LDCs) and African States facing frequent climate-related disasters. GCF can also bring greater attention to the nexus between infrastructure and health by supporting green and resilient health facilities.

17. In promoting **resilient ecosystems,** GCF recognizes that nature-based solutions provide critical and highly cost-effective adaptive solutions, with the additional benefits of sequestering carbon and enhancing livelihoods. In particular, GCF can help countries realize the opportunities available through ecosystem-based coastal zone and marine management; large-scale land restoration such as the establishment of green corridors; and peatland conservation and management.

18. Across each of the above programming areas, GCF will ensure alignment between country priorities and sector guidance; explore potential for cooperation and complementarity with other climate funds and financiers; and explore options to catalyse sustained private sector investment. The Fund will continue elaborating sectoral guidance through country and entity consultations and this is expected to be finalized by early 2020. Further work will also be done to refine relevant results indicators under an updated results management framework.

1.3 Enablers for paradigm shift

19. In order to achieve a paradigm shift in each of the eight results areas and deliver improved results, GCF programming for 2020–23 will focus on four key enablers to guide climate action across programming value chains:

(a) **Transformational planning and programming:** rapidly strengthening developing countries' capacities to identify, design and implement transformational, country-driven climate investments and enabling frameworks to realize their NDCs, national adaptation plans (NAPs) and prioritized national climate actions;

(b) **Catalysing climate innovation:** enabling the demonstration and adoption of an increased number of innovative business models, technologies and practices with high potential for climate impact;

(c) **Mobilizing investments at scale:** increasing the mobilization of public and private finance to scale up successful, high potential, climate-compatible innovations and investments; and

(d) **Replication of knowledge to shift financial flows:** accelerating the dissemination and uptake of good practices, methodologies and standards for transformational climate investment to enable replication and systemic change to shift finance flows towards low-carbon climate resilient investments.

1.4 Multifaceted approach to scale up adaptation

20. The 2020–23 programming approach, based on its eight results areas and four enablers of paradigm shift, reflects the finding in the Forward-Looking Performance Review (FPR) that GCF has a critical and distinctive contribution to make in scaling up innovative financing for adaptation and resilience, with a focus on particularly vulnerable developing countries, people and communities. This was also a top priority identified in consultations on strategic programming.

21. GCF support for developing countries' national adaptation planning lays the foundation for transformational programming across the four dedicated adaptation results areas of GCF as well as for the realization of synergies between mitigation and adaptation outcomes across all results areas. The GCF programming approaches will contribute to achieving a paradigm shift in adaptation financing by:

(a) Helping developing countries advance their understanding of climate risks and adaptation needs and build institutional capacities to use climate information in applied ways to generate transformational solutions;

(b) Catalysing innovation in adaptation practices, business models and approaches and accelerating the deployment of high-impact adaptive and climate-resilient solutions. This will include pursuing opportunities to scale up successful adaptation pilots of other funds;

(c) Exploring how programmatic approaches can be used to design solutions beyond standalone projects to support national, multi-country or regional approaches to achieve greater scale;

(d) Maintaining a focus on ensuring adaptation support benefits those particularly vulnerable to the effects of climate change and involving local communities and indigenous peoples in the delivery of adaptation and resilience solutions and knowledge generation, including through enhanced direct access and simplified approval process (SAP) modalities;

(e) Examining how GCF risk and concessional financing can be used to encourage more private sector investment in adaptation and resilience and engage the private sector earlier in the adaptation planning process, including in areas such as infrastructure, agriculture and insurance. Notably, GCF will build on the recommendations from the Private Sector Advisory Group (PSAG) on engaging the private sector, including local actors, in adaptation action at the national, regional and international levels; and

(f) Facilitating knowledge development and exchange around transformational adaptation approaches, including approaches for monitoring adaptation impact.

22. GCF will aim to maintain a similar proportion of grant financing for these activities compared to the IRM. This strategic focus on adaptation will complement Board guidance on the approach and provide scope for supporting adaptation activities (mandated under decision B.17/10).

1.5 Programming a balanced portfolio

23. Overall, GCF programming for 2020–2023 will aim to deliver a balanced GCF portfolio in line with agreed portfolio-level resource allocation parameters. This has been based to date on decision B.06/06, which guides the allocation of GCF resources toward:

(a) Aiming for a 50:50 balance between mitigation and adaptation over time (actual balance in IRM: 54 per cent adaptation and 46 per cent mitigation);

(b) Aiming for a floor of 50 per cent of the adaptation allocation for particularly vulnerable countries, including SIDS, LDCs and African States (actual percentage in IRM: 70 per cent);

(c) Seeking geographic balance and a reasonable and fair allocation across a broad range of countries while maximizing scale and transformational impact;

(d) Maximizing engagement with the private sector, including through a significant allocation to the Private Sector Facility (PSF) (actual percentage in IRM: 20 per cent);

(e) Providing sufficient resources for readiness and preparatory support; and

(f) Adopting a decision that all allocation parameters should be determined in grant equivalents.

24. During the IRM, GCF met the above resource allocation goals through its programming, as indicated in the parenthesis in paragraph 23(a), (b) and (d) above. This recognizes that some of the above allocation parameters lack the specificity to determine precise implications for programming or portfolio composition.

1.6 Strategic goals for 2020–2023 (goals and quantum to be refined based on consultations)

25. In programming for 2020–2023, GCF will orient its efforts overall towards delivering a portfolio that meets or exceeds actual IRM results and allocation levels across the strategic allocation priorities identified in decision B.06/06.

26. Under the 2020-23 Strategic Plan, GCF will also strive towards realizing the following supplementary programming and operational goals, which will provide indicative checkpoints of progress towards its long-term vision.

27. By 2023, GCF will strive, through its programming and country engagement, to:

(a) Support at least [70] developing countries in translating their NDCs, NAPs and long-term national strategies into transformational investment strategies and project pipelines compatible with the goals in the Paris Agreement, building on ongoing country programming and national adaptation planning processes;

(b) Deliver portfolio-level mitigation and adaptation results that exceed average IRM results (emissions reduced/avoided for each USD 1 billion invested in mitigation; and number of people with increased resilience for each USD 1 billion invested in adaptation);

(c) Scale up the share of funding invested in adaptation [to X per cent];

(d) Aim for a floor of [70 per cent] of the adaptation allocation for particularly vulnerable countries (SIDS, LDCs and African States), using actual IRM levels as a benchmark;

(e) Channel at least [20 per cent in grant equivalent terms] of funding through PSF, using actual IRM levels as a benchmark;

(f) Significantly increase funding channelled through direct access entities (DAEs) to [X per cent of projects/funding]; and

(g) Maintain the grant share of the portfolio funding mix while diversifying instruments from concessional finance to risk finance, so as to achieve higher co-financing from private sector investments [of X compared to the IRM baseline of 1:3].

28. By 2023, GCF will also strive to deliver the following operational goals:

(a) Programme [40 per cent] of available resources by end 2021 and 95 per cent by end 2023;

(b) Ensure resources are being deployed on the ground by having 90 per cent of the total GCF portfolio under implementation by end 2023;

(c) Provide real-time information on portfolio and proposal statuses through accessible information systems;

(d) Consolidate institutional capabilities that are fit to rapidly respond to the urgency of the climate challenge through swifter decision-making processes and more consistent and accessible funding processes;

(e) Attract, nurture and retain talent in GCF to support its strategy and operations and work in co-creation with countries and AEs to drive a paradigm shift; and

(f) Provide greater transparency in GCF processes, increased predictability on operations and enhanced stakeholder collaboration.

II. Key actions to deliver the strategic vision

29. Delivery of the 2020–23 strategic vision and goals is critically dependent on GCF also taking steps to evolve its business model and operating modalities to successfully execute its ambitious programming vision. This section of the 2020-23 Strategic Plan sets out, at a strategic level, an action agenda for GCF to make targeted refinements to its business model and operating modalities over the period 2020–2023. It is intended that, where relevant, more

Commented [LP5]: This statement is not in line with the text of the UNFCCC and the Paris Agreement, but also with paragraph 52 of the Government Instrument. This point affects the appropriate geographical balance and, the right of the Latin American region to financing for adaptation. We suggest keeping stick to the language used in the Government Instrument.

We propose the following text. “Aiming for a floor of 50% of the adaptation allocation for vulnerable countries, including SIDS, LDSs and African States”

Commented [LP6]: More important than stablishing a % of funding through PSF, it is needed to have certainty of the conditions and timeframe that private sector face when engage with GCF.

Commented [CR7]: Co-financing should not include a target, as this is not mandatory.

Commented [LP8]: This information must include amount and percentage of disbursements.

detailed actions would be elaborated by the Board, Secretariat or independent units, as relevant, in their implementation of their respective work plans.

2.1 Strengthening the GCF business model to support its goals

2.1.1. Accelerating country-driven transformational planning and programming to originate paradigm-shifting projects

30. Developing countries are the primary partners of GCF. At its core, successful, paradigm-shifting GCF programming for 2020–2023 depends on implementing the principle of country ownership by empowering developing countries to undertake transformational planning and programming that will shape a paradigm-shifting GCF investment pipeline.

31. Given that the total anticipated programming capacity for 2020–2023 is in the range of 200–280 new projects (depending on the depth of measures to improve operational efficiency), it will also be critical for GCF programming to be guided by a prioritization of the most impactful investments for countries in their respective national and regional contexts.

32. Throughout the IRM, GCF has been engaged in continuous learning with developing countries on the scope of climate challenges countries face, opportunities and barriers for financing, and the type of support needed to move towards a low-emission climate-resilient future. To succeed in realizing and raising the ambition set out in countries' NDCs, adaptation plans and other national climate strategies, developing countries require capacity, expertise and resources to find the right solutions and rapidly accelerate the pace of change.

33. Strong country demand has been expressed for GCF to provide targeted, predictable and long-term support to enable them to reach their climate goals, with GCF being seen as a force multiplier with clear potential to act as a convenor in incentivizing climate action. Developing countries have placed strong emphasis on improving the predictability and accessibility of readiness support as well as on building national and regional financing capabilities through DAEs.

34. For 2020–2023, key strategic actions in this area of the GCF business model include:

(a) Orienting the approved second phase of the Readiness and Preparatory Support Programme (Readiness Programme), the largest global climate capacity-building programme, towards supporting developing countries to develop transformational project pipelines by:

    (i) Putting in place or strengthening science-informed, long-term mitigation and adaptation strategies/planning aligned with the Paris Agreement that help countries identify priority areas or initiatives for transformational climate investment;

    (ii) Developing NAPs or undertaking other national adaptation planning processes;

    (iii) Translating NDCs, NAPs and national climate strategies into transformational investment programmes, using country programmes and dialogue with GCF to identify how to structure and mobilize potential sources of finance to support prioritized areas of action and build transformational project pipelines;

    (iv) Building lasting institutional capacity to manage climate finance, including strengthening the capacity of DAEs to channel GCF resources and implement GCF policies;

(v) Becoming empowered to engage the private sector and civil society, including indigenous peoples, early on and throughout the planning and programming process through broad stakeholder engagement; and

(vi) Implementing policies, regulatory settings and/or standards to create enabling environments for successful mitigation and adaptation investments;

(b) Scaling up the deployment of the Project Preparation Facility (PPF) to help convert promising project concepts into bankable investments, particularly concepts from DAEs and those that bring innovative and untested approaches;

(c) Allocating adequate and predictable resources for the Readiness Programme and PPF for the period 2020–2023 to aid multi-year country planning, facilitate integrated readiness and PPF funding cycles, and reduce transaction costs;

(d) Simplifying access to readiness funding by encouraging the use of multi-year readiness proposals and providing clearer readiness guidelines, including on standardized readiness packages that could be accessed more quickly through streamlined modalities;

(e) Deploying GCF expertise and communities of practice to develop sectoral guidance that can help guide countries and entities with designing and structuring climate-informed, well-targeted, transformational investment solutions;

(f) Increasing the proactive engagement of GCF in national and regional strategic dialogues between countries, AEs and other stakeholders to support pipeline origination, leveraging existing planning and programming dialogues where appropriate;

(g) Strengthening the application of country ownership by further developing emerging country programmes as investment programmes that are actively utilized in the project approval process to inform prioritized investment pipelines and guide project review and selection; and

(h) Proactively gathering and disseminating knowledge of lessons learned from readiness, the PPF and targeted country technical support to better inform future operational cycles.

2.1.2. Galvanizing improved access to GCF resources

35. GCF is fundamentally a partnerships institution, working for, through and with its partners to deliver climate results. Within this model, AEs are key to developing countries' access to GCF resources as well as the delivery of impact, both through programming and at institutional level.

36. Under the IRM, GCF established a network of 88 AEs, of which 52 are fully accredited for programming (as at 24 September 2019), and is currently able to accredit around 15 new AEs annually. As identified in the FPR, securing GCF accreditation can be a substantial and lengthy investment, which may require an entity to put in place new institutional structures and policies to become ready to channel GCF funds. Despite this, 30 per cent of current AEs have not yet programmed any investments with GCF. For the period 2020–2023, it is critical that GCF, countries and current and prospective AEs have clear expectations on the GCF strategic approach to accreditation and re-accreditation in order to calibrate the substantial investment made by all concerned in this access modality.

37. Over the period 2020–2023, GCF will continue to strategically build its network of AEs to strengthen access to GCF resources by promoting new partnerships that focus on value-added for the investment priorities of developing countries and advance the goals of GCF in

delivering paradigm shift, innovation and mobilization at scale. The strategic focus of GCF on strengthening DAE capabilities and their role in programming will remain as a means for driving long-term institutional transformation, promoting country ownership and enhancing national planning and programming for climate impact. GCF will also continue to approach accreditation as a means to mainstream climate considerations in institutional decision-making and promote the uptake of best practice standards and norms related to climate investments, driving institutional transformation in support of climate action.

38. For 2020–2023, GCF will pursue a four-pronged agenda in this area of its business model, which will build on the Board's review of the GCF accreditation framework.

39. First, the GCF will adopt a more strategic approach to accreditation through:

(a) Stabilizing the GCF network at [X] fully accredited long-term AEs by the end of 2023, with an increasing share of DAEs above the current level [57 per cent];

(b) Focusing on partners that match and can execute the programming and project delivery capabilities needed to implement developing countries' prioritized climate investments, ensuring all countries can access AEs to support them;

(c) Continuously seeking to prioritize entities for accreditation and re-accreditation on a learning basis, taking into account reviews of AE capabilities and performance, which assess their ability to add value to GCF programming;

Commented [LP9]: The board needs to consider and discuss in depth th re-accreditation process

(d) Striving for balance across regions, access modalities, accreditation sizes, risk categories and financial instruments, while prioritizing identified gaps in the AE network in relation to geographical, sectoral and thematic coverage and financial instrument usage, in alignment with programming ambitions to diversify instruments and sectoral programming;

(e) Striving to accredit institutions which are ready to meet GCF standards or can work through required conditions needed to finalize their accreditation;

(f) Undertaking strategic programming dialogue with AEs to focus on maximizing their country-responsiveness and alignment with sectoral guidance, based on their comparative advantage in the countries and markets they cover; and

(g) Focusing re-accreditation efforts towards partners that have demonstrated increasing alignment with climate goals through their institutional portfolio, policies and operations.

40. Second, GCF will strive to support DAEs in playing a more prominent role in GCF programming and channel significantly more GCF funding by:

(a) Scaling up pre- and post-accreditation support for DAEs to incorporate and adopt GCF standards and policies, prepare transformational project pipelines and successfully implement approved projects;

(b) Rolling out dedicated training programmes for newly accredited DAEs to enable them to familiarize themselves with GCF processes and standards, due diligence and policy requirements, and building the capacities for submitting funding proposals and implementing projects; and

(c) Actively promoting collaboration between international AEs and DAEs to build programming and implementation capacity and facilitate knowledge exchange, as well as dialogue with DAEs and other climate funds on exchanging best practices in programming.

(d) Promoting locally-led climate action through direct access entities to produce transformative impact at local level through the active involvement and empowerment of communities, micro and small enterprises, community-based organizations and local governments.

41. Third, GCF will seek to streamline the accreditation process through:

(a) Removing duplication in the current process, making the stages more transparent and navigable to applicants, and setting standards for GCF processing time at each stage; and

(b) Reviewing the current fit-for-purpose approach, which classifies entities by category, size and capacity in order to further differentiate entity types and customize accreditation processes through joint consideration of both risk assessments and related required due diligence processes.

42. Fourth, GCF will institute a complementary access modality by operationalizing a project-specific assessment approach (PSAA) by the end of 2020. The PSAA is strategically significant to expanding the ability of GCF to connect on innovative investment proposals with partners seeking a one-off engagement, whether DAEs from SIDS and LDCs or private sector partners. The PSAA is also key to realizing the potential of GCF requests for proposal (RFPs).

2.1.3. Programming tools to catalyse climate innovation for a paradigm shift

43. The GCF programming ambition for 2020–2023 is to deliver greater mitigation and adaptation impact for developing countries by targeting investments to the areas of greatest need and impact potential and working to expand the total financing that is channelled towards successful climate investments in developing countries. Tapping into lessons learned from the IRM, the GCF recognizes that achieving this requires programming approaches and tools that target areas with the greatest need at country level and with the greatest potential for impact, and then utilize GCF funding to innovate, field-test and scale up new investment approaches that have the potential to attract wider climate and conventional finance.

44. As described in section 2.1.1, the starting point for this is country-driven planning and programming to identify areas where climate investment is most needed and design bankable funding proposals. GCF has a role in supporting this upstream process to develop transformational pipelines of investments, including through preparing sectoral guidance, as described in chapter 1, as well as through strategic dialogue with countries and AEs. GCF anticipates that this strategic clarity and earlier engagement on sectoral guidance will significantly improve the quality of projects at entry and reduce transaction costs and processing times.

45. Beyond this, GCF has at its disposal a flexible range of programming tools it can use to help catalyse innovative and scalable investments. For 2020, key strategic actions in this area of the business model will focus on the following:

(a) Seeking to diversify GCF use of its financial instruments by maintaining a relatively stable share of grant funding, but shifting from concessional lending towards greater use of risk mitigation instruments such as equity and guarantees to unlock innovation and potential for financing at scale;

(b) Demonstrating, through investment practice, how the risk appetite of GCF differs from other investors using its flexible risk appetite statement to increase the instances in which GCF takes calculated risks – such as first loss positions or participation in higher risk tranches – to demonstrate the viability of potentially paradigm-shifting interventions;

(c) Enhancing the GCF risk management tools to enable educated risk-taking;

(d) Exploring new applications of results-based payments, insurance and local currency lending to address financing barriers for developing countries;

(e) Taking a more active role in working with countries and AEs to structure innovative investments and forge novel investment partnerships, drawing on GCF networks, resources and convening power to drive collaborative partnerships;

(f) Undertaking an overall review of ongoing RFPs to determine funding allocations for RFPs by the end of 2020. This will include learning from challenges and the successful deployment of RFPs during the IRM to inform new shortlisted concepts for RFPs with a focus on fostering innovation and scale, particularly for adaptation;

(g) Developing the programmatic approach of GCF as a way to help countries, in particular SIDS and LDCs, realize more predictable financing and scale of investment;

(h) Pursuing opportunities to use the SAP modality to test and demonstrate small-scale projects with potential for replication;

(i) Piloting alternative origination methods, such as using clearing houses in collaboration with third-party platforms and networks, to support project development and knowledge-sharing and foster partnership development; and

(j) Enhancing collaboration with the Technology Mechanism of the UNFCCC and other stakeholders to promote technology innovation, incubation and acceleration.

2.1.4. Realizing the potential of the private sector to mobilizing finance at scale

46. Under the 2020-23 Strategic Plan, GCF will strive to more fully realize its unique potential to engage the private sector in mobilizing climate investments at scale to deliver a paradigm shift in developing countries. Shifting these wider financial flows managed by the private sector is critical to mobilizing the scale of resources – in the trillions – needed to realize developing countries' NDCs, NAPs and other climate strategies.

47. At the outset of 2020-23, GCF seeks to clarify its strategic priorities for engaging with the private sector through a dedicated private sector strategy. The GCF private sector strategy for 2020–2023 will aim to (1) strengthen capacities for private sector investments in climate change activities; (2) mobilize private sector resources at scale for climate change investments in developing countries; and (3) enhance the role of the private sector in supporting climate change adaptation. Overall, these efforts will be calibrated against an indicative goal of increasing private sector funding leveraged by GCF to a level of [1:7] from an IRM level of 1:3.

Commented [LP10]: We observed that is very difficult for private sector to engage in adaptation projects. The GCF should focus and how de-risk private sector projects on climate change adaptation instead of enhance its role.

48. The private sector strategy will be developed based on the three pillars. The aim is for GCF to become more risk-inclined to catalyse private sector projects, initiatives and programmes with high climate impact and paradigm shift potential; support climate-oriented local financial and insurance systems, green banks, markets and institutions; and act as a market maker for climate transformation in key sectors and regions in accordance with national priorities and objectives. This strategy will be implemented consistently with guidelines for enhanced country ownership and country-drivenness, including the non-objection procedure.

49. Key actions to implement the private sector strategy over the period 2020–2023 will include:

(a) Identifying, as part of sectoral guidance across the eight results areas of GCF, where there is significant potential for an increased role of the private sector in climate investment and for GCF to effectively address barriers to private sector participation – for example, transforming energy markets in new geographies, unlocking the potential

Commented [LP11]: It is a matter of concern how these eight results areas are linkages with investment criteria and other concepts. These 8 results areas should be considered and discussed by the Board.

for private investment in forests, and spurring innovate participation in adaptation solutions;

(b) Implementing PSAG recommendations on engaging the private sector in adaptation action by supporting adequate enabling environments, deploying blended finance to test innovative business models for climate-resilient products and services, and promoting the use of climate data to inform private-sector decision-making;

(c) Deploying readiness funding to support increased country-level awareness of and engagement with private sector actors and increased private sector participation in planning, programming and investment design processes;

(d) Supporting the country-led formulation of policy and regulatory settings to support shifts in private investment towards mitigation and adaptation outcomes;

(e) Proactively working with AEs to utilize the flexible instruments and innovative structuring of GCF to create de-risking vehicles that use blended finance to catalyse new private investment and products that attract larger institutional sources of capital through aggregation and securitization, and improve the affordability of technologies and solutions;

(f) Generating national markets for climate action in LDCs and SIDS, in line with PSAG recommendations, to focus on market activation, enabling environments and facilitation of the aggregation of demand for mitigation and adaptation services;

Commented [LP12]: This should be an action for all vulnerables countries. Not only or LDCs and SIDS

(g) Supporting country-led efforts towards financial system reform and strengthening the climate investment capabilities of national financial institutions through knowledge exchange, promotion of best practices, and implementation of green finance policies; and

(h) Developing a private sector outreach plan to include targeted engagement, business missions, communications and the GCF Private Investment for Climate Conference.

50. In order to successfully implement its private sector strategy, it will be essential for GCF to pursue a staged development of modalities available to its PSF. A critical starting point is a focused accreditation strategy, readiness support for private sector engagement and supportive enabling environments, and capacity-building for private sector DAEs, as discussed in preceding Section 2.1.2. The operationalization of the PSAA (per section 2.1.2) and diversified deployment of GCF instruments (per section 2.1.3) are further operational measures that will be critical to unlocking the potential for private sector engagement. Over time, this could be built on to test additional modalities for the PSF, including:

(a) A direct investment approach, as per paragraph 41 of the Governing Instrument, for example, to expand scope for GCF to engage in equity investments;

(b) Co-investment approaches to engage institutional investors in the GCF portfolio;

(c) Options for supporting venture-style incubators and accelerators; and

(d) Options around underwriting securities in frontier and emerging markets.

2.1.5. Working globally as a thought leader in climate finance to drive wide systemic shifts in finance flows

51. In its ambition to drive systemic change towards a low-emission climate-resilient future, GCF will, as it accumulates programming and implementation experience, work towards the long-term goal of establishing a role as a global thought leader on transformational climate investment. This will involve leveraging the knowledge of the GCF and its wide partnership

network of country partners (AEs, civil society organizations, private sector organizations, indigenous peoples and communities of practice) to synthesize learning and enable replication of proven interventions that can, at scale, shift global financial flows in line with the Paris Agreement.

52. This would entail substantial investments over time in the GCF knowledge management capabilities and evaluation capacity, which will allow lessons to be extracted and disseminated from the full range of GCF investment activities, internal operations, and work on complementarity and coherence with other climate funds. Knowledge will be assessed through contextual lenses, identifying practices and measures best suited for particular geographies, including reflecting the unique circumstances and challenges faced by LDCs and SIDs.

53. For 2020–2023, key strategic actions in this area of the GCF business model include:

(a) Executing a comprehensive knowledge management strategy and system by mid-2020, which will continue to evolve over the strategic planning period;

(b) Instituting a GCF-led knowledge hub to capture results and lessons learned from readiness and portfolio implementation, with a particular focus on sharing information on climate investment innovation;

(c) Actively using evaluations and results management as a means to improve the GCF knowledge base, support its evidence-based programming approach and guide its evolution as a learning institution;

(d) Carrying out periodic surveys of the state of global knowledge on transformational climate action through focused outreach, working to identify niche areas in which GCF would deliver the most impact for developing countries;

(e) Convening or joining knowledge partnerships to contribute to wider efforts to generate green financial systems, including engagement with standard-setting bodies;

(f) Collaborating with AEs to mainstream climate considerations more broadly across AE operations and portfolio baselines to drive institutional transformation; and

(g) Maintaining a lead position in advancing complementarity and coherence among climate funds, clarifying the relative role and value-added of the GCF vis-à-vis other climate funds, acting as a broker to help countries navigate the range of opportunities in the climate finance landscape, and working with other funds to scale up successes and advance synergies in programming.

2.1.6. Strengthening external affairs and communication

54. Under the2020-23 Strategic Plan, GCF will also activate the its partnerships, outreach and communications functions towards promoting innovative investment and knowledge collaborations and supporting longer-term resource mobilization efforts.

55. Building on its raised profile and external outreach efforts over the first replenishment process, GCF will advance its brand at the global level with a view to strengthening knowledge of the GCF mandate and mission among key stakeholders, communicating the impact and reach of GCF, and disseminating the results of and lessons from its funding activities.

56. The partnership strategy of the GCF will be consolidated around (i) mobilizing and enhancing global networks for raising climate ambition; (ii) promoting and exchanging knowledge on developing and implementing strategies for low-emission climate-resilient development compatible with the Paris Agreement goals of limiting warming to well below 2 °C and matching global partners with developing country needs; and (iii) looking towards leading

global centres of excellence, global climate advocates and organizations and institutions that can inform GCF operations and strategies.

57. For 2020–2023, key strategic actions in this area of the GCF business model include:

(a) Strengthening the GCF brand through a traditional and social media strategy that builds on hook and core messages to effectively communicate the core ambitions and results of GCF;

(b) Developing a partnerships strategy to define objectives, priorities and modalities to guide GCF partnering outside of the accreditation modality and formal funding arrangements;

(c) Continuing to support longer-term resource mobilization efforts, including exploring potential for contributions from private and alternative sources; and

(d) Ensuring the regular and transparent reporting of results and performance to foster long-term resource mobilization efforts and the accountability of GCF to its contributors.

2.2 Optimizing operating modalities and performance

2.2.1. Improving efficiency, effectiveness, transparency and predictability of allocation processes and speed of delivery

58. Over the IRM period, GCF built a unique operating model that has been shown to add value in the climate finance landscape. But the clear feedback from GCF stakeholders is that it must be able to respond with improved speed, urgency and impact to developing countries' needs and match the urgency of the climate challenge. Accordingly, improving the efficiency, effectiveness, transparency and predictability of GCF processes is a key operational priority under the 2020-23 Strategic Plan.

59. In 2020–2023, GCF will seek to facilitate improved stakeholder engagement through the predictable financial management of the available commitment authority; a series of process management and operational improvement measures intended to clarify and speed up project review, approval and implementation, and a clarification of GCF standards and support for their adoption by third parties.

60. A core element of this will be through the **establishment of annual financial planning** based on resources available for programming to ensure the full and predictable allocation of resources for 2020–2023. This will be guided by an operational goal of programming 40 per cent of available resources by the midpoint of the first replenishment period of the GCF (GCF-1), and 95 per cent by the end of the first replenishment period. Depending on the depth of other efficiency measures achieved, the Secretariat estimates this will entail around 200–280 total new project approvals over the 2020–2023 period, or between 50–70 new project approvals per year.

61. By early 2020, the Secretariat expects to finalize concerted efforts to comprehensively map the entirety of GCF operational cycles and **clarify GCF processes in comprehensive programming, operations and policy manuals**. These efforts are aimed at transparently setting out GCF processes and review criteria, capturing every opportunity under current settings to remove duplication and improve consistency of due diligence and decision-making, and ultimately reduce processing times and engagement costs for partners.

62. Following the comprehensive mapping of programming, operations and policy processes, the Secretariat will also develop and communicate **service standards for GCF turnaround times** at each relevant step across its accreditation, readiness, project preparation

and funding proposal review cycles, to be finalized and communicated to stakeholders by mid-2020.

63. The operations and programming manuals, along with other Secretariat-developed tools such as sectoral guidance, the investment criteria scorecard and the project success rating tool, will aid in **improving the transparency and consistency of review processes, due diligence and application of the investment criteria to select impactful projects.** In addition, a number of steps could be taken at the policy level to further clarify the application of the GCF investment framework, including the closure of remaining investment policy gaps [related to concessionality and incremental and full cost methodologies], and more explicitly the linking of eligibility, investment and performance criteria across the GCF investment and results management frameworks.

64. Following the implementation of initial measures to clarify, simplify and streamline the project approval process, GCF may also consider options for developing a two-stage proposal approval process based on a cost-benefit impact analysis.

65. GCF will also deploy efforts to **accelerate the process for moving projects from approval to implementation and delivering support on the ground.** It will do this through the increased utilization of standard funding agreement templates, particularly with AEs that have multiple projects with GCF, and earlier negotiation and execution of funded activity agreements in parallel with Board approval where this is feasible. GCF will also seek to prioritize projects for Board consideration that are ready and can be quickly processed through legal agreements following approval. The standardization of legal agreements will also be increasingly sought for readiness and project preparation activities.

66. As discussed further in section III below, GCF will need to re-examine the capabilities of the Secretariat and its other institutional arms to ensure these are resourced and organized in a way that is fit-for-purpose to efficiently and effectively deliver the more ambitious 2020–2023 strategic programming vision. In particular, this will require **that the structure and operations of the independent Technical Advisory Panel (TAP) evolve** to ensure that an increased number of project reviews, particularly under SAP, can be efficiently managed and to reduce review times. Measures could include broadening the independent TAP roster, moving to virtual assessment, and simplifying independent TAP review arrangements for SAP proposals.

67. GCF will also deliver on its commitment to increase transparency by rapidly becoming a digital organization and introducing **public web-based tracking systems** to give partners visibility of the status of review processes, with systems to be operationalized from 2020.

68. Realizing deeper gains in efficiency and effectiveness over the medium term will involve a more **comprehensive review of GCF policies and frameworks** with a view to better harmonizing, simplifying and streamlining the accreditation process, project approval process and post-approval process, and clarifying the GCF policies and standards applied at each stage, such as the GCF Policy on Prohibited Practices, the GCF Environmental and Social Policy, the Indigenous People's Policy and the Gender Policy. Reducing the frequency of policy change by moving towards regular and structured policy review cycles and critically assessing gaps and duplications in the set of GCF policies (as proposed by the FPR), as well as assessing policy impacts and cost-benefit analyses, would greatly help improve predictability and reduce engagement costs.

2.2.2. Simplifying access

69. The range of business model and operational improvements set out above, including the deployment of readiness funding, the development of complementary access modalities, the

development of sectoral guidance, and improvements in process transparency and predictability are in totality designed to respond to partners' calls for improved and simplified access to GCF resources. In striving to simplify access, these measures also seek to uphold the quality and impact of GCF-funded activities by enabling greater GCF upstream engagement based on clear strategic guidance to develop proposals that are high quality at entry.

70. Over the course of 2020–2023, the Secretariat will continue to seek out ways implement more simplified and streamlined access to GCF resources, including through measures such as the **translation of key documents** into major working languages such as Arabic, French and Spanish.

71. In addition, a key priority for 2020–2023 will be to **further simplify SAP review, approval and implementation processes** to facilitate its application to more project proposals. While IRM experience shows that the SAP is reducing project lead times, the review and approval processes required of the Secretariat, independent TAP and Board remain similar to regular funding proposals. This will constrain ambitions to substantially scale up SAP without either substantial further resourcing of the Secretariat and independent TAP or measures to help SAP better live up to its name in terms of both simplifying underlying requirements and the approval process itself. Over 2020–2023, GCF will advance these efforts through the following measures:

(a) The Secretariat will further enhance technical assistance for SAP development and deploy dedicated PPF technical assistance based on evolving operations and lessons learned to help entities turn concept notes into SAP proposals and develop SAP guidance in line with evolving sector guidance;

(b) SAP documentation will be further streamlined through a standardization of typical projects and programmes that could be offered as a menu of eligible activities in dedicated sector areas with the greatest needs and potential for impact;

(c) The review process will be simplified by reducing steps as appropriate given the reduced risk category of the SAP as well as reducing the requirements for non-essential steps and annexes to a core set of assessment criteria in line with the GCF due diligence process;

(d) Independent TAP review arrangements will be simplified;

(e) A dedicated approval mechanism for SAP will be developed, for example based on decisions taken between Board meetings or delegated approvals; and

(f) Post-approval steps will be facilitated through the increased deployment of standardized legal agreement templates, particularly for low-capacity DAEs.

2.2.3. Clarifying roles and responsibilities for improved decision-making and management

72. The2020-23 Strategic Plan seeks to respond to recommendations from the FPR to further clarify the separation of supervision and management in GCF and consider delegating authority to emphasize agency, responsibility and urgency in delivering on developing country climate needs. This will be carried out through the development of a GCF **internal control framework that will outline roles and responsibilities** of each of the GCF institutional arms, as well as of the GCF partners, which will be finalized by mid-2021.

73. The analysis of Board meetings to date shows the Board is able to consider and take decisions on an average of five policies per meeting, given the complexity of some policies and the limited time available during Board meetings. For 2020–2023, GCF will develop, for the first

time, **a four-year, 2020–2023 Board workplan** to facilitate a more manageable and predictable consideration of strategic policy matters, sequenced to match the Strategic Plan 2020–2023 priorities. This will be reviewed in light of guidance from the Conference of the Parties to the UNFCCC. The Secretariat is also currently developing a policy manual to help codify the GCF policy development cycle.

74. At the institutional level, GCF will seek to streamline fund-wide decision-making processes through further clarification of the appropriate levels of **delegated authority**. This will include drawing on recommendations on the review of the effectiveness of committees, panels and groups with a view to further clarifying authority delegated to committees, panels and groups, informed by a principle that they would oversee their respective matters and only bring back to the Board matters that require Board attention and approval. It will also examine opportunities to more consistently delegate management and implementation matters, including the development of guidance and tools underneath Board-adopted GCF policies and matters related to the implementation of funded activities, to the Secretariat or independent units as appropriate, and consistent with the Governing Instrument. This will become particularly important to avoid overburdening the Board's agenda as more of the GCF portfolio moves into implementation.

75. GCF will also strive to improve the efficiency of decision-making through a **more structured approach to decision-making between Board meetings** through the consideration of the guidelines for taking decisions without a Board meeting.

76. GCF will also develop comprehensive **guidelines for the participation of observers**, accreditation of observer organizations, and selection of active observers to continue to allow and guide their effective participation in Board meetings and GCF activities.

77. Transparency of GCF decision-making processes will also be supported through the comprehensive review of the **implementation of the Information Disclosure Policy**, taking into account new information access standards developed and implemented by peer institutions.

2.2.4. Strengthening portfolio and results management

78. With the GCF portfolio under implementation expected to grow substantially during 2020–2023, GCF will consolidate and strengthen its results management framework and portfolio management systems to monitor implementation and track results of GCF investments. GCF will also implement an integrated results and resources framework (IRRF) that draws links between the allocation of GCF resources and the expected results.

79. For 2020–2023, GCF will seek to capture its ambition to achieve the accelerated delivery of support and results on the ground by setting an aspirational goal to have **90 per cent of the total GCF portfolio under implementation by 2023**.

80. GCF will **review and update its results management framework** in 2020 pursuant to an ongoing Board mandate. This will be done with an eye to measuring how GCF investments contribute to the goals and outcomes identified in its strategic vision and theory of change, as well as measuring results at result area and project level. Overall, this updated framework will be designed to (i) facilitate the monitoring of GCF impact in supporting countries to implement the Paris Agreement and their NDCs and NAPs; and (ii) seek to start measuring the GCF contribution to paradigm shifting outcomes, alongside quantified portfolio results.

81. This will include developing an updated suite of indicators, methodologies, and measurement, reporting and verification and monitoring and evaluation tools, incorporating gender and social inclusion measures and indicators. These will be designed to promote more

consistent monitoring and reporting on investments as well as credible and verifiable results. The aim will be to move from the measurement of expected results to actual results as the portfolio matures.

82. Across its funded activities, GCF will strive to implement an **adaptative portfolio management approach** that recognizes the need for flexibility to accommodate changing conditions on the ground. This will include utilizing delegated authority to manage changes in projects and troubleshoot issues promptly as they arise. It will also include providing support where needed to strengthen implementation capacity and help AEs and countries to effectively track GCF impact indicators, purposefully evaluate results and capture knowledge. These efforts will be designed to feed into the GCF knowledge management system to inform future programming.

83. GCF will closely **monitor and report on the implementation of the portfolio** following the annual performance report cycles outlined under the accreditation master agreements with AEs. Portfolio management will be further aided by increased automation and digitalization of in-house monitoring systems that will put in place early warning systems to anticipate and identify potential implementation issues and delays and enable improved tracking of implementation and results. Anticipating a growth in the delivery of concrete results over the course of the first replenishment period of GCF following greater implementation efforts, GCF will also regularly assess project and portfolio results and propose corrective courses of action in situations where activities are not delivering on their anticipated impact. Portfolio management systems will also evolve on a learning basis.

84. Emerging lessons learned from projects and portfolios will inform operations on an annual basis and be consolidated in line with replenishment cycles. Project reviews and evaluation will be undertaken by the Secretariat and Independent Evaluation Unit as needed, feeding into the GCF knowledge management systems.

85. A full portfolio assessment will be completed by the end of 2022 and form part of the second GCF performance review.

2.2.5. Consolidating institutional capacities

86. Recognizing the remaining barriers to delivering resources on the ground, GCF will strive to increase **coverage of privileges and immunities**, acknowledging this as a key step to speed up the delivery of GCF resources to countries. GCF will seek to leverage all channels that would enable a wider adoption of privileges and immunities, including by assessing the feasibility of (i) pursuing related linkages with the United Nations that could provide privileges and immunities coverage to GCF staff or the institution as a whole; and (ii) promoting a political working group or panel through which the Board can advocate and raise awareness around privileges and immunities in developing countries, in addition to the Secretariat's technical efforts in this area.

87. The Independent Evaluation Unit FPR acknowledged that the presence of approved **rights-based policies**, including the environmental and social safeguards, Gender Policy, Indigenous Peoples Policy and Independent Redress Mechanism procedures and guidelines, represent emerging best practices within climate finance. GCF will also enhance its institutional profile by continuing to advance best practices **and** standards across its operations, enabling wide stakeholder participation, promoting transparency, mainstreaming gender in its operations and programming, and the highest standards of integrity.

88. GCF will continue to advance **gender mainstreaming,** recognizing that women as well as men significantly contribute to combating climate change. GCF will apply a gender mainstreaming approach across its internal and external procedures and activities, across

Commented [LP13]: This is something that should be decided by the Board and for that we need to have a clear and detailed understanding what this institutional linkage means.

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adaptation and mitigation programming, and with international, regional, national or subnational, public or private entities that are accredited to GCF. It will continue to mainstream gender issues contributing towards building women and men's resilience to climate change equally and addressing and mitigating any potential project or programme risks for women and men associated with adaptation and mitigation activities financed by GCF. GCF will strengthen gender mainstreaming and social inclusion capacities among its staff and work with its partners and stakeholders, including local stakeholders, to strengthen gender mainstreaming and social inclusion with a more systematic approach to programming. GCF will continue to ensure all funding proposals contain gender assessments and gender action plans, which will be developed through wide stakeholder consultations.

89. In line with commitments made under the Indigenous Peoples Policy, GCF will work to **enhance its engagement with indigenous peoples**, including through an Indigenous Peoples Advisory Group.

90. GCF will also work in collaboration with national designated authorities and AEs to facilitate their implementation and monitoring of required gender, environmental, social and indigenous peoples' standards in line with approved policies and will review these in line with the policy evaluation schedules planned for GCF-1 to provide any required updates for GCF-2. GCF will also deploy additional efforts to support the adoption of GCF integrity standards on anti-money-laundering and countering the financing of terrorism and sexual exploitation, sexual abuse, and sexual harassment. Targeted support will be developed and provided to DAEs to promote their uptake and compliance.

91. Throughout 2020-23, GCF will complete the development of its own **environmental and social safeguards** that will aim to incorporate innovations and best practices in ensuring that environmental and social considerations are incorporated in the operations and activities supported by GCF.

92. Aware of growing demands from countries and entities for GCF to maintain a closer presence to the regions it serves as well as a growing portfolio under implementation, GCF will undertake, by the end of GCF-1 and as part of its second performance review, an assessment of the needs and options for establishing a GCF **regional presence**, focusing on the specific operational bottlenecks and capacity gaps that could be addressed through a regional presence.

2.2.6. Attract, nurture and retain talent

93. Working at the centre of a diverse climate finance landscape in complementarity and coherence with other channels, GCF will pursue a focused human resources strategy to attract, nurture and retain talent, fostering a highly skilled professional group that has sufficient capacity to lead on the facilitative role GCF plays by leading collaborative dialogues between countries, AEs, partners and communities of practice focused on the identification and delivery of transformational climate action.

94. GCF will codify and standardize human resources policies and practices looking at job descriptions, classifications and benefits, workplace conflict prevention and resolution infrastructure, performance management, onboarding and lifelong learning. It will also promote staff mobility within the Secretariat and foster T-profiles for long-term career development by encouraging the deepening of expertise in a specific field while also advancing staff's ability to apply their skills outside their area of expertise and collaborate beyond individual functions. Staff deployment will also be increasingly aligned with evolving organizational needs.

2.2.7. Improve information management systems

95. In line with its ambition to simplify, streamline and improve transparency in review processes, GCF will enhance its information systems, which are linked to its internal proposal approval processes for funding proposals, the Readiness Programme and the PPF as well as its portfolio management systems, to enable real-time information on proposals and portfolio status. It will implement internal accounting standards and web-based systems to track results and continue to maintain the highest degree of transparency in its regular reporting of performance and results.

96. This will be supported by further automation of key work processes, both the review process for policies and funding proposals, as well as internal recruitment, procurement and administrative processes. Towards the later stages of GCF-1, GCF will also develop a strategy and construct a virtual workspace for outposted staff, consultants and partners.

III. Operationalizing the Strategic Plan 2020–2023

3.1 A streamlined Board workplan and policy agenda for 2020–2023

97. Successful delivery of the 2020-23 Strategic Plan depends on relevant policy, business model and operational decisions being taken in a timely fashion, to shape programming and productivity outcomes. In parallel with the development of the 2020-23 Strategic Plan, the Board is developing for the first time, under the guidance of the Co-Chairs, a four-year Workplan of the Board for 2020-2023.

98. The 2020-23 Workplan of the Board will be based on the Fund establishing a regular policy development, implementation, learning and review cycle aligned to GCF's replenishment, strategic planning and programming cycles. It will also aim to improve predictability and reduce transaction costs for stakeholders by settling policy changes at the start of each new programming cycle and linking policy reviews to the Fund's mid-term performance review and strategic planning processes. This will aim to consolidate the work of the Board around a manageable number of policy items each year, aligned with strategic and operational priorities.

99. Through a more regular approach to the policy cycle, the 2020-23 Board Work Plan aims to facilitate more focused preparation, consultation and consideration of items to maximise the prospects of policies and decisions being adopted. The Workplan will also aim to ensure that relevant steps in preparing for the GCF's second replenishment are initiated and completed earlier in time, to ensure that an updated Strategic Plan and policy settings are in place before the commencement of the GCF's second replenishment and programming period.

100. The proposed 2020-23 Board workplan will be considered by the Board at its 24th meeting and may be subsequently updated to ensure alignment with the final adopted Strategic Plan for 2020-23.

3.2 An enhanced approach to financial planning, budget and human resources management

101. The 2020-23 Strategic Plan sets out an ambitious programming and operational vision for the next phase of GCF, aiming high to match the urgency of climate change and positioning GCF to make a significant and ambitious contribution towards the goals of the UNFCCC and Paris Agreement. This ambitious vision is based on GCF being more than a financial pass-

through entity: it is based on its serving developing countries as a convenor, capacity-builder, adviser, knowledge hub and thought leader, as well as a catalytic financier.

102. This value proposition – of realizing ambitious impact and value-added – is based on GCF remaining a lean organization that concertedly pursues efficiency improvements while growing its programming and implementation capabilities to match the ambition of its strategic vision. Accordingly, the successful realization of this holistic programming vision and improved results potential for 2020–2023 depends on adequate resourcing for the Readiness Programme, the PPF and administrative budget.

103. As set out above, GCF proposes that, once the quantum of resources available for 2020–2023 are known, GCF will develop a financial planning approach based on the agreed Strategic Plan to guide the predictable allocation of GCF resources.

104. Based on initial Secretariat projections, it is estimated that predictable core funding of up to USD 480 million for readiness and USD 80 million for PPF would be required to meet developing countries' needs and support the development of impactful, innovative and catalytic funding proposals. These figures incorporate the potential for the increased uptake of multi-year readiness proposals and improved synergy between the readiness and PPF funding cycles.

105. The Secretariat has also conducted bottom-up financial modelling to estimate the project approval volume, administrative budget and staff requirements for pursuing more ambitious strategic programming directions based on a series of illustrative assumptions. This includes an available budget based on the USD 10.3 billion pledged for the IRM, assuming 90 per cent of the GCF portfolio reaches implementation by 2023, the pursuit of strategic programming directions (such as enhanced support for DAEs) and innovative scaled-up adaptation financing, and the increased use of risk mitigation instruments and structuring.

106. The Secretariat built in an aggressive 50 per cent targeted efficiency gain into its projected budgetary modelling, to be achieved through a renewed approach to task prioritization, clarification of duties and responsibilities, human resource management and optimization of internal processes. This level of efficiency gain would allow the Secretariat to absorb new programming for 2020–2023 based on a "business-as-usual" approach, while also implementing a much higher number of approved projects. It was assumed that increased SAP programming could be delivered through efficiency gains from the further simplification of the SAP process, rather than much heavier staffing and budgetary increases that would be required under the status quo SAP process.

107. Increased demands on Secretariat staffing and budget were nonetheless expected to follow from the more ambitious strategic programming directions for 2020-23 including: taking a stronger role in originating transformational projects through dialogues with countries and entities; supporting the development of projects which deploy more risk mitigation financial instruments such as equity structures; fostering innovative adaptation financing; fostering greater private sector engagement; placing additional focus on channelling funding through DAEs; and strengthening GCF knowledge management.

108. The resourcing allocations, project volumes and administrative resourcing requirements resulting from this modelling exercise are indicated in tables 1 and 2 below.

Table 1: Possible resourcing allocations for the first replenishment period of the GCF (GCF-1)

	Initial resource mobilization	Illustrative GCF-1 allocation
Total available resources	**USD 7.2 billion**	**USD 10.2 billion**
Readiness and Preparatory Support	USD 312	USD 480 million
Project Preparation Facility	USD 40	USD 80 million

	Initial resource mobilization	Illustrative GCF-1 allocation
Projects and programmes		
Approved GCF funding amount	USD 5.2 billion	USD 9.2 billion
Number of approved projects	111	200–280
Number of projects under implementation	75–85	300

Table 2: Illustration of administrative budget for the first replenishment period of the GCF (GCF-1)

	Total administrative budget
Initial resource mobilization under the initial Strategic Plan for the GCF	USD 282.9 million (250 staff)
GCF-1 under the Strategic Plan for the GCF 2020–2023	USD 390–398 million (290–300 staff)

109. The proposed draft IRRF set out in annex III to this document that has been developed for consultation at the twenty-fourth meeting of the Board utilizes similar assumptions to illustrate the potential resource allocation and anticipated results for the 2020–2023 programming period. The IRRF also includes a set of operational measures to assess the effectiveness and efficiency of the GCF in delivering GCF-1 goals.

110. These initial projections will be refined as 2020–2023 programming directions evolve and to reflect the resourcing that will be available following the conclusion of the first replenishment process. These outcomes will also inform further refinement of the IRRF.

3.3 Monitoring and accountability

111. Following the finalization of the 2020-23 Strategic Plan, it is intended that subsequent annual work programmes will be informed by the 2020-23 Strategic Plan, the Board Workplan for 2020–2023 and the IRRF goals and targets.

112. Progress against the 2020-23 Strategic Plan will be reported by the Secretariat at the first Board meeting of each year from 2021. Reporting will cover potential changes and course-corrections required in the four-year agenda for mobilizing the GCF business model and operational modalities or in the four-year Board workplan. This will be accompanied by a tracking of results against the IRRF.

113. In parallel, GCF will continue to assess annual progress on institutional-wide activities in line with annual work programmes by looking at progress towards key performance indicators. Due to the nature of the activities covered, it is anticipated that the key performance indicators in the work programme will cover a broader set of institutional performance measurements.

3.4 Initiate work to sharpen strategies towards 2030

114. With a view to enhance the GCF's support for low-emission climate-resilient pathways towards 2030, a sequenced approach to the development of key strategic pieces is envisaged to guide and inform strategy-setting for GCF-2 (2024-2027).

115. The GCF's Second Forward-looking Performance Review (FPR-2) would incorporate reviews and evaluations of how the Fund's access modalities, programmes, portfolio and operations have evolved from the IRM throughout the GCF first replenishment period to meet its objective and mandate of driving paradigm-shift in developing countries. The FPR-2 will also assess progress against the delivery of the 2020-23 Strategic Plan. Work carried under FPR-2 will be complemented by a Secretariat-led review of the Fund's policy frameworks.

116. This will in turn inform strategic programming work, which will assess further the opportunities to advance GCF strategic programming in the second replenishment period. This will take into consideration areas the GCF's portfolio is most active in and lessons learned, under-represented focus areas as well as sectors covering greatest country needs and potential to generate highest impact in light of evolving global context and climate change pathways.

117. Findings of both the FPR-2 and second strategic programming exercise will inform the Board's consideration of a Strategic Plan for 2024-27 in 2023, with a view to finalize the Strategic Plan before the commencement of the GCF's second replenishment period and in parallel with conclusion of the second replenishment process.

Annex II: Programming directions for the first replenishment period of the GCF: country-driven transformational climate impact

1. In its first replenishment period (GCF-1), GCF will build on its existing portfolio to deepen its support to key transformative initiatives identified by countries in each of its eight result areas pursuant to the Paris Agreement goals.

2. The programming directions below outline high-impact potential areas which respond to country needs as expressed in national climate agendas and in their programming with GCF, and where GCF can add the greatest value under existing market conditions to deliver transformational impact.

I. Energy access and power generation

3. The energy sector is the largest contributor to global greenhouse gas (GHG) emissions, with energy production and use accounting for around two thirds of global emissions. For the world to remain well below 2 °C, renewables must supply 70–85 per cent of the electricity by 2050, up from 18 per cent today. In line with the priorities identified in nationally determined contributions (NDCs), GCF-1 will support on-grid and off-grid renewable energy transmission/distribution and storage as well as clean cooking. More than 150 countries have identified energy as a priority sector in their NDCs. The demand from countries expressed through the country programmes or briefs submitted to the GCF for the GCF-1 period remains the same as those from the GCF initial resource mobilization period (13 per cent of the total number of projects). While private sector-driven global investment in clean power generation has increased significantly, aggregate energy demand has grown faster than the renewable energy supply, and coal retains the largest share of global power generation at 37 per cent, compared with 7 per cent for wind and solar. Furthermore, least developed countries have seen only 0.1 per cent of total clean energy investment from 2009 to 2018.

4. For on-grid energy, GCF-1 will address the institutional, technical, regulatory and market barriers to catalyse private finance at scale in solar, wind and geothermal energy in nascent renewable energy markets. Support will also be provided for demonstrations and learning on ocean-based renewable energy and floating solar power if opportunity arises, including exploring how to improve performance, reliability and survivability while reducing costs. With regard to energy transmission/distribution and storage, support can be provided towards regulatory reform, the use of innovative technologies and capacity-strengthening of utilities. Off-taker risks will also be addressed with specific instruments for distribution companies to encourage low-carbon dispatch. With regard to energy access, the focus can be on promoting energy security and the affordability of access to clean energy. This can include the development of sustainable business models by addressing regulatory barriers and through direct capital investment to establish a track record.

5. Finally, GCF-1 will continue to support clean cooking by strengthening supply chains for devices and fuels and catalysing technological innovation and uptake. Women entrepreneurs will be a key target group for both off-grid energy and clean cooking. Women are the energy managers at the household level and best placed to identify and respond to the demand for decentralized energy products and services. By some estimates, women can outcompete men by a factor of three in providing decentralized energy services.

II. Transport

6. The transport sector is responsible for 7.7 gigatonnes of carbon dioxide equivalent ($GtCO_2eq$)/year, accounting for 23 per cent of total emissions from the burning of fossil fuels and 14 per cent of total anthropogenic emissions. Under current trends, this might rise to 25 per cent by 2030. Transport is one of the top sectors identified in developing countries' technology needs assessments. More sustainable approaches to urban transport and infrastructure planning can have a huge impact on future emission trajectories as well as on human well-being and economic sustainability. Clean transportation has seen robust growth in response to financial incentives, declining battery costs and policy mandates. Sales of electric vehicles reached almost 2 million in 2018 but remained a small share of the 87 million new vehicles sold globally.

7. The sustainable transportation paradigm shift requires large-scale implementation of what is known as the "avoid (reduce the need for motorized transport) – shift (shift to environmentally friendly modes) – improve (improve vehicle fuel efficiency and optimization of infrastructure)" measures. More than 110 countries have included transport as part of their NDCs, but it represents only 4 per cent of the total number of projects listed in country programmes and briefs submitted to GCF at the moment. GCF-1 will develop the capacity of countries to conduct holistic, integrated mobility planning, coupled with regulatory and investment support to identify, pilot and scale up new sustainable mobility solutions on both land and water, which includes moving towards the electrification of mass transit and use of innovative technologies.

8. Ocean-based transport, including freight and passenger shipping, represents around 3 per cent of global anthropogenic emissions and, if current trends continue, could double by 2050. The energy intensity and GHG emissions of ocean-based transport can be significantly reduced by transitioning ocean shipping to be more efficient and use lower- or zero-carbon fuels. It will require identifying and addressing market and non-market barriers that constrain the uptake of more energy efficient technologies and management practices.

III. Buildings, cities and industries

9. With more than two thirds of the global population expected to reside in cities by 2050, urbanization offers both opportunities and risks to address climate change. While urban areas contribute to about 80 per cent of global gross domestic product, they also account for over 70 per cent of GHG emissions. Moreover, human settlements are vulnerable to the increasing impacts of climate change such as extreme temperatures and sea level rise. One estimate suggests that compact, connected and coordinated cities can strengthen resilience to physical climate risks, deliver up to 3.7 $GtCO_2eq$/year of savings over the next 15 years and reduce infrastructure capital requirements by over USD 3 trillion. Close to 110 countries have identified waste as a priority sector in their NDCs, 45 have identified buildings, and 77 countries have included industries. The number of projects identified in country programmes and briefs submitted to the GCF that cover these sector areas submitted to GCF to date are also 2 to 4 per cent more than the number of projects approved or in the pipeline, showing an increasing demand.

10. GCF-1 will support sustainable urban development in both secondary cities and megacities. It will aim to avoid path dependencies in rapidly emerging secondary cities by supporting the development and implementation of green cities action plans that integrate buildings, transport and energy investments. In megacities, GCF-1 will support the development of dedicated blended financing facilities for low-emission and climate-resilient investments.

These facilities could leverage private finance for energy efficient retrofits in lighting and buildings, the reduction of heat island effects, distributed renewable energy solutions in urban areas, interventions in urban form, planning and resilience, as well as urban mobility. In its work on cities, GCF can deploy its guarantee instrument in particular to give cities – which often do not have the ability to borrow – the ability to translate their plans into investments by making them viable.

11. To complement these integrated energy efficiency initiatives, GCF-1 will support global energy efficient cooling efforts to increase the energy efficiency as well as reduce fluorinated gases used in cooling systems. By 2030 over half of the world's population will live in hot climates with increasing exposure to potentially dangerous heat conditions. About 4.5 billion refrigeration and air conditioning (RAC) units will be in use globally (compared to only 1.2 billion today). Cooling initiatives globally have the potential to mitigate up to 0.5 °C of global warming by 2100. GCF will contribute to this global impact potential by introducing cooling innovations across the value chain and developing and financing affordable energy efficient RAC units (including the development and implementation of minimum energy performance standards, standards and labelling, fiscal incentives and a financing delivery mechanism to support users and manufacturers with high upfront capital expenditure investment in cooling).

12. Aside from cooling, GCF will also continue to support energy efficiency in key industries (financing solutions for initial investment costs for retrofits, information and regulatory support). An example of this would be cross-sectoral support to energy efficient motor systems. Electric motors are the common thread within all industries from those with minimal energy use to energy-intensive industries. Nearly 50 per cent of global electricity (about 6,040 million tCO_2eq) is consumed by electric motors and 64 per cent of this is consumed by motor systems in industries. The global market for electric motors is expected to expand by 2.5 per cent per year, primarily driven by growth in developing countries. The potential exists to cost-effectively improve the energy efficiency of motor systems by roughly 20 to 30 per cent, thereby saving around 300 terawatt hours of electricity and 200 million tCO_2eq annually.

IV. Forestry and land use

13. Forest conservation, management and restoration of degraded ecosystems are a large part of the solution to climate change. Forests play an important role in adaptation and mitigation by providing ecosystem services relevant for adaptation as well as the global ecosystem service of carbon sequestration relevant for mitigation. From 2001 to 2017, there was global tree cover loss of 337 million ha, equivalent to an 8.4 per cent decrease in tree cover since 2000. Moreover, it has been estimated that the agriculture, forestry and other land use sector is responsible for close to a quarter of global GHG emissions: 10–12 $GtCO_2eq$/year. Deforestation and forest degradation drivers are varied and context-specific. However, the conversion of forests to use for commercial agriculture and the general expansion of agriculture accounts for a significant share of tropical deforestation. REDD-plus has the potential to deliver emission reductions of over 10 $GtCO_2eq$/year at a relatively low cost. Similar to ecosystems, forest and land use appear in more than 105 NDCs and is identified as a priority in over 40 per cent of country programmes or briefs submitted to GCF. Strengthening sustainable forest landscapes at all scales will have significant impact and promote rural development while protecting forests, restoring degraded lands, enhancing agricultural productivity and improving livelihoods and local environments. This could be implemented through four strategic interventions: deforestation-free commodities supply chains; forest restoration and reforestation; sustainable forest management; and forest conservation. These interventions are likely to materialize through geographic or thematic programmes. Geographic programmes at biome level such as the "Amazon for Life", "Congo for Life" and "Mekong Basin for Life" (building

on the ongoing GCF project "Bhutan for Life") can be deployed to achieve impact at scale. Similarly, thematic programmes could be promoted in the form of global forest restoration and global forest conservation, focusing on working with producers of commodities driving global deforestation, such as beef, soy, palm and wood products.

14. A 50 per cent reduction in deforestation by 2030 will require between USD 75 billion and USD 300 billion in investments. Improving access to public and private funding for forest conservation, restoration and sustainable management will be a necessary part of effective forest and land-use management. GCF supports several initiatives to mobilize funding for forest conservation, restoration and sustainable management. GCF is currently funding a USD 500 million REDD-plus pilot programme for results-based payments for reducing emissions from the forestry sector that meets the requirements of the United Nations Framework Convention on Climate Change. Recognizing the market's dependence on a limited number of public actors, GCF-1 will aim to catalyse private investments following a landscape approach and achieving REDD-plus objectives (reducing emissions from deforestation and forest degradation as well as the conservation and sustainable management of forests and enhancement of forest carbon stocks). Notably, GCF-1 will facilitate private sector engagement in both supply chains and in the generation and trade of GHG emission reductions to comply with emerging regulated and voluntary carbon markets, while also supporting the achievement of the NDCs. In promoting deforestation-free supply chains, GCF-1 could provide a variety of financial structures to leverage private involvement, from de-risking long-term investments, generating dedicated credit lines, enabling the creation of equity funds for impact investors, and other actions that may be required.

15. GCF will also scale up its efforts for uplands and wetlands conservation. For example, a possible focus will be on peatlands conservation and restoration, looking at rewetting peatlands and reducing pressure from conversion to other land uses such as palm oil cultivation, and encouraging agricultural supply chains that exclude products from drained peatlands, limiting unsustainable land use. The private sector could be boosted through direct investments, dedicated credit lines or the generation of emission reductions for the conservation and restoration of peatlands.

V. The most vulnerable people, communities, and regions

16. Livelihoods are sustainable when they can cope with and recover from stresses and shocks, and maintain or enhance capabilities and assets, while not undermining the natural resource base. Climate change threatens efforts to secure sustainable livelihoods for vulnerable people and communities, through climate-related hazards such as reduced crop yields, food insecurity and higher food prices. Poor people are not equally affected, and not all vulnerable people are poor. People's vulnerability to natural hazards and/or capacities to cope with, manage and respond to disasters is dependent upon different social, economic, cultural and political processes that influence how hazards affect people in varying ways and with differing intensities. There is strong evidence that gender inequality is exacerbated as a result of weather events and climate-related disasters.

17. GCF-1 interventions will embed enhanced livelihoods of the most vulnerable people, communities and regions across all its work, including through protecting water sources and coastlines, preventing erosion and landslides under the ecosystems result area as well as anticipating and adapting to evolving health risks and strengthening food and water security under the health, food and water security result area described in the following paragraphs.

18. In addition, integrated impact-based multi-hazard climate information and early warning services can reduce climate impact on livelihoods and scale up the provision of

insurance in response to climate events. Seventy-seven per cent of NDCs from Africa and the Middle East, 76 per cent from Latin America and the Caribbean and 100 per cent from Asia and the Pacific highlight the need for enhancing climate information and early warning, and over 40 per cent of country programmes or briefs submitted to GCF identify disaster risk reduction and early warning as a priority.

19. GCF can focus on improving the financing, upgrading and maintenance of hydromet systems through the commercialization of country-specific climate information targeting priority sectors such as health surveillance, insurance, aviation, forecast-based financing, agriculture, energy generation, dam control and infrastructure development. Another focus could be to strengthen regional hydromet programmes that will bring economies-of-scale and make the provision of sector-specific climate services (such as health, water or agriculture) cost-effective and sustainable. Both approaches will also strengthen action on risk reduction, preparedness, risk transfer and insurance for the poorest and most vulnerable by creating the necessary data to identify group-specific vulnerabilities, prioritize actions and price risk. In this context, GCF can also support countries and the private sector in providing climate risk insurance for poor and vulnerable people in developing countries. This will allow risk finance and risk transfer solutions to be scaled up for the poor and most vulnerable people, with an emphasis on women and girls.

20. This should be complemented by public awareness campaigns to better target all those who might be affected in order to develop their capacity to act on warnings and clarify who has the legal mandates for making timely warnings and maintaining local warning systems and equipment. Investments in early warning will also allow GCF to support countries in (i) building the resilience of their ongoing social protection schemes, such as conditional cash transfers and/or employment guarantees; (ii) building community or individual preparedness; and (iii) possibly deploying micro-insurance schemes, allowing the poor and the vulnerable to deal with climate risks that often stop or delay them from graduating from these social protection systems in the first place.

21. There is also a need to support the just transition of countries towards low-emission and climate-resilient development through a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, particularly in the area of renewable energy.

VI. Health and well-being, food and water security

22. In addition to extreme weather events, the greatest impact in a world that is 1.5 °C warmer will be felt in the areas of nutrition, health and water security. Agriculture, which is mostly rainfed, provides the main source of livelihoods, food and income for three quarters of the world's poor people living in rural areas. Food insecurity and malnutrition are on the rise, with 820 million people hungry and 2 billion people who are food insecure in 2019. An estimated 10–20 per cent more people will be hungry as a result of climate change by 2050, with sub-Saharan Africa likely to be most affected. The critical importance of agriculture and food security is demonstrated through country NDCs, where 93 per cent of developing countries include adaptation actions in agriculture, 71 per cent in mitigation, and 61 per cent in both adaptation and mitigation. In addition, nearly 60 per cent of all country programmes or briefs submitted to GCF identify agriculture as a priority area.

23. Under this result area, GCF-1 will continue to support climate-resilient smallholder agriculture. Globally, around 500 million farms are two hectares or smaller. The use of more resilient seeds and crops, water management and irrigation, and farming techniques could partly counter the impacts of climate change. This will also include improving access to climate-

informed digital agricultural advisory services for small-scale producers that involves extending real-time surveillance and early warning systems, seasonal and long-term forecasts, and digital farmer advisory services. However, the effectiveness of such adaptation would be highly variable, and risk transfer might be needed through insurance and safety nets. For this purpose, support can be provided to scale up access for small-scale producers to insurance, markets, finance, and productive safety nets. In addition, support can be provided to improve access to and use of adaptation technologies and agro-ecological practices, increasing agricultural productivity and rural entrepreneurship, and enhancing livelihoods.

24. Smallholder farmers, many of whom are women and youth, produce approximately 80 per cent of the world's total food requirements. Women make up around 43 per cent of the agricultural labour force in developing countries. Addressing the gender gap in agriculture in access to land, information, finance and markets could increase agricultural yields by up to 25 per cent in sub-Saharan Africa. It can enable women farmers to meet the upfront costs of higher value climate-resilient farming systems and improve productivity, income and food security through diversification and value chains that move away from subsistence agriculture. Sustainability and scalability can be enabled by removing barriers, de-risking investments in the value chain and creating coalitions of actors for programmatic or systematic approaches that advance the interventions at scale.

25. Health was included on the NDCs of 73 countries but appeared in just over 10 per cent of GCF country programmes/briefs. As previously mentioned, climate information and early warning services are critical in anticipating and adapting to climate change. Integrating early warning and health information systems are particularly important to improve health outcomes by predicting, preparing and preventing health risks. In addition, GCF-1 will support green and resilient health facilities. As for other critical infrastructure, the focus will be on identifying critical health facilities most at risk, supporting the development of enabling policies such as building codes, and, in a number of countries most at risk, support the incremental lifetime cost of building climate resilience via blended finance to establish an investment track record.

26. Most developing countries face water-related challenges due to sea level rise, melting glaciers and permafrost, changing rainfall patterns, extreme events (including floods or droughts), and desertification, which will also affect agriculture in many regions, as well as industry and domestic use. It is estimated that there will be a 40 per cent gap between water demand and water availability by 2030, exacerbated by climate change. As the water sector is a major energy user, and conversely the energy sector has important water needs, there are transformative investments to be unlocked in renewable energy (e.g. pumped storage schemes for energy storage) and energy efficiency, as well as industrial cooling. Nearly 100 countries identified water as a priority in their NDCs, while this is featured in nearly 40 per cent of country programmes or briefs submitted to GCF. GCF-1 interventions in the water sector will continue to promote integrated water resource management, ensuring a synergistic approach to tackling the water-energy-food security nexus. This can include interventions on watershed restoration, improving water-use efficiency and the climate-resilient water supply and sanitation, conjunctive use of alternative water sources, as well as the promotion of nature-based solutions for flood control. Support can be provided in the application of tariffs for consumptive water use (e.g. irrigation) and fees for non-consumptive use (e.g. hydropower). Multiple financial instruments can be applied to de-risk investment in water resource management and water service provision.

VII. Infrastructure and built environment results area

27. Countries will be investing trillions of dollars a year in repairing, replacing and building infrastructure. Yet most current investments fail to take the impacts of climate change into

account. Climate change poses significant challenges to infrastructure. In 2017 alone, natural disaster-related economic losses were around USD 330 billion, coming mostly from hurricanes, severe storms, wildfires, floods and other weather events, of which only 50 per cent were insured. Improving the resilience of infrastructure systems through repairs and new construction creates safer communities and stronger economies in a warming world. The increase in upfront costs (from 3 per cent to 30 per cent) can pay for itself many times over the project lifetime. This will come from savings in avoided losses and socioeconomic gains in community resilience, and business continuity over the project lifetime is expected to be significant. It is estimated that the net benefit of investing in more resilient infrastructure in low- and middle-income countries would be USD 4.2 trillion, with USD 4 in benefit for each USD 1 invested. Over 50 per cent of NDCs embed infrastructure resilience into measures related to disaster risk reduction, coastal zones, roads and urban issues, while it is highlighted in 14 per cent of country programmes or briefs submitted to GCF.

28. GCF-1 will work with partners to build the business case and identify the critical enabling environments for climate-resilient infrastructure investment. This will include risk disclosure in public and private assets carried out via analytical tools, including a physical risk pricing framework and methodology to prioritize national resilient investment needs alongside a range of instruments to prevent capital flight from the most vulnerable regions. Innovative capital market instruments such as resilience bonds can also be enabled, and pricing frameworks implemented across resilient infrastructure investments.

29. Building on its work on climate information services, GCF can also work on forecast-based financing, allowing infrastructure investment decisions to be informed by climate risks. In addition, GCF can also assist countries in identifying a limited portfolio of critical infrastructure that must be built or rebuilt to be climate resilient. It will help assess soft and hard infrastructure options for each of these critical infrastructure projects and help structure the financing of critical infrastructure pilots to establish an investment track record and serve as models for replication. In addition to centralized infrastructure, opportunities to support last-mile household resilience through innovative financing mechanisms will be explored.

VIII. Ecosystems and ecosystem services

30. Ecosystems degradation is both a cause and a consequence of climate change, and ecosystems conservation and restoration is a highly cost-effective solution to climate change. Ecosystem services are the benefits to humans that arise from the interactions between components of an ecosystem. Ecosystem-based climate adaptation and mitigation solutions offer flexible and cost-effective options to address climate risks and can also deliver substantial co-benefits in terms of livelihood protection and poverty alleviation. Coral reefs and coastal ecosystems, for example, protect communities from storms and erosion, reducing costs from damage and potentially saving lives. Similarly, sustainable land restoration could absorb over 25 per cent of annual GHG emissions mitigation required by 2030. In addition, wetlands soak up potentially deadly floods and ensure supplies of life-giving water to farmers and cities in times of drought.

31. Nature's services will become even more valuable as global temperatures increase. However, ecosystems and ecosystems services may be lost beyond a global average temperature increase of 1.5 °C or 2 °C, making it impossible to adapt effectively in many parts of the world. For example, coral reefs are projected to decline by up to 90 per cent at 2 °C of warming. Climate change is accelerating the loss of natural assets everywhere, affecting ecosystem service flows and driving ecosystem degradation.

32. The thematic area of ecosystems and ecosystem services encompasses natural environments and their productive uses. This can range from environments not directly impacted by anthropogenic activities, such as remote rainforests, alpine regions or coral reefs, to environments that are more intensively managed, such as agricultural areas or managed forests for timber production. As there are thematic areas within the GCF results management framework specifically addressing agriculture and food security, forest and land use, and water, the emphasis in this thematic area is on natural or less intensively managed environments. Ecosystems appear in more than 105 NDCs and are identified as a priority in over 40 per cent of country programmes/briefs submitted to GCF.

33. Key opportunities to foster transformative change under this result area in GCF-1 are integrated coastal zone management covering coastal and marine ecosystems, fisheries and aquaculture and large-scale land restoration initiatives such as the establishment of green corridors in arid areas. In coastal zone management, the emphasis could be placed on restoring and managing coastal and marine ecosystems – coral reefs, sea grass and seaweed beds, mangroves and coastal and salt marshes – to protect coastal communities from severe weather and sea-level rise and at the same time preserve blue carbon ecosystems. This can include creating incentives for restoring blue carbon ecosystems, improving fisheries management, promoting coastal resilience, combating beach erosion, engaging coastal communities in developing ecosystem-based options, and supporting the development of innovative financing, such as parametric insurance cover for protecting coral reefs.

34. There are opportunities in landscape-level restoration and management for scaling up green corridor initiatives, such as the Great Green Wall for the Sahara and the Sahel Initiative, where investments can be anchored in sustainable climate-resilient agricultural practices and diversified livelihoods, renewable energy, improved water management, agroforestry, and afforestation and reforestation activities, using a combination of public and private finance.

Annex III: Integrated results and resources framework 2020–2023

1. Under its 2020–2023 Strategic Plan, GCF has initiated, for the first time, the development of an integrated results and resources framework (IRRF). The IRRF is intended to act as a blueprint for translating the Strategic Plan goals into a set of climate and organizational results. These showcase how GCF will utilize resources available over 2020–2023 to deliver on its long-term paradigm-shifting mandate and vision. The integrated nature of the framework highlights the linkages between GCF institutional capacity and organizational enablers and the necessary inputs required to deliver on greater ambition for driving a paradigm shift towards low-emission climate-resilient development in developing countries.

2. The IRRF strives to put forward an illustration of the potential results that could be achieved during the 2020–2023 programming cycle, along with a proposal for the metrics that will be used to measure progress towards these results. The IRRF indicates measurable results potential across the major programming areas of GCF and links these to the financial and administrative resources required to deliver the targeted results, correlating inputs to outputs.

3. It is intended to act as a tool to enable GCF to measure its performance, inform strategic and programming adjustments and optimize the implementation of the 2020-23 Strategic Plan.

4. As the first replenishment process of the GCF is still ongoing and the quantum of resources available for 2020–2023 not yet known, this proposed draft IRRF has been informed by a bottom-up financial model that explores the effects of illustrative resource allocation choices on potential GCF results, as well as the administrative resourcing requirements emerging from the illustrative 2020–2023 portfolio. The model starts with an assumption of IRM pledging financing of USD 10.3 billion and assumes up to USD 9.2 billion would be available for funding proposal programming, USD 480 million for readiness and USD 100 million for the Project Preparation Facility. The current model also assumes a 100 per cent project success rate and will be updated in line with methodologies being developed to better assess project and portfolio success rates, noting that most multilateral development banks assume a success rate of 70–75 per cent.

5. It then portrays an illustration of how these resources would translate into results, assuming a similar programming allocation as during IRM in terms of portfolio balance between mitigation and adaptation and distribution across result areas, using impact metrics based on the IRM portfolio. It then incorporates the diversified usage of financial instruments in line with evolving programming directions to maintain the share of grant funding but shift from concessional lending towards the use of risk mitigation instruments with a higher leveraging ratio, lower impact on country debt levels and potentially greater transformative impact. In modelling the results, the IRRF assumes co-financing ratios of 1:13 for equity, 1:4 for loans, 1:1 for grants and 1:3 for guarantees. The model also anticipates up to USD 400 million being required in administrative funding to successfully implement the targeted strategic programming directions and deliver results.

6. The current proposal draft IRRF has been prepared for the Board's consideration and consultation at the twenty-fourth meeting of the Board in parallel with the work being carried out to update the GCF results management framework (RMF). The content of the IRRF will be further elaborated, taking into account comments and guidance received along with the final outcomes of the replenishment process. Further refinement of the indicators, measurement approaches and data sources to be used will be developed in parallel with the update of the RMF (to be presented to the Board at its twenty-fifth meeting (B.25)) and will inform later drafts of the IRRF to form part of the second iteration of the 2020-23 Strategic Plan, also to be considered at B.25.

I. Principles and structure of the integrated results and resources framework

7. For 2020–2023, GCF will seek to assess its impact and results in both quantitative and qualitative terms. It will continue to measure core portfolio metrics of reduced emissions through tonnes of carbon dioxide equivalent averted and the number of beneficiaries with increased resilience to climate change. In parallel, GCF will also seek to develop additional quantitative and qualitative measures that paint a more comprehensive picture of the paradigm shifting impact of GCF across sectors, following the four key paradigm shift outcomes identified in the GCF theory of change. The IRRF indicator architecture will be further refined in parallel with the update of the RMF.

8. The development of this framework is guided by the principles of balancing flexibility and simplicity (to reflect country and project context-specific metrics and build on existing reporting systems) with rigor and representativeness (ensuring credible measurement of results that represent the strategic goals and ambitions of GCF). It will, where possible, seek to build on alignment with monitoring and reporting under the Paris Agreement, nationally determined contributions (NDCs) and Sustainable Development Goals.

9. To meet these objectives, the IRRF has been designed to illustrate climate and organizational results across four different levels, outlined below:

10. **Climate results** measure the outcomes of GCF investments and programming, operating across three levels of impact (see below). The current proposal is based on the core portfolio metrics of tonnes of carbon dioxide equivalent averted and beneficiaries reached and includes additional metrics to measure results area impact and paradigm shift outcomes. The levels are as follows:

(a) **Level 1 (GCF-level impact):** this level of the IRRF will measure progress towards the overall GCF goal of driving paradigm shift in developing countries towards low-emission, climate-resilient development pathways. GCF will assess paradigm shift both qualitatively and quantitatively. It will continue to assess overall emission reductions and strengthen the measurement of beneficiaries with improved livelihoods to monitor the scale of change globally. GCF will also look at national, context-specific "tipping points" for transformational change, recognizing that paradigm shift involves a system change where actors beyond the direct sphere of GCF influence will also need to change behaviours. Given the role of GCF as an implementing entity of the financial mechanism of the United Nations Framework Convention on Climate Change and serving the Paris Agreement, this impact level will also measure the contribution of GCF to the implementation of the Convention and the Paris Agreement (e.g. NDCs);

(b) **Level 2 (results area outcomes):** this level of the IRRF will be used to measure results within each of the eight GCF result areas. Any GCF-supported project will need to demonstrate alignment with at least one of the GCF results areas. Initial results area indicators and measurement approaches have been put forward under this proposal and will be developed based on the work of GCF on sector guidance and further elaborated for the next iteration of the 2020-23 Strategic Plan. Where possible, relevant Sustainable Development Goal indicators can be used to measure progress, thereby improving the alignment of GCF with the 2030 Agenda for Sustainable Development and minimizing the duplication of monitoring efforts; and

(c) **Level 3 (portfolio outcomes):** this level of the IRRF will measure progress towards the four GCF paradigm shift outcomes, as defined in the theory of change. For each outcome, progress will be determined through a mix of quantitative and qualitative methods.

Reporting will be carried out based on an aggregation of portfolio inputs and executed predominantly by the Secretariat with data support. Measurement approaches include existing indicators in the initial RMF performance measurement frameworks (e.g. volume of public and private funds catalysed by GCF for "mobilization of investments at scale") and new ones tailored ones for each portfolio outcome.

11. **Organizational effectiveness and efficiency results** measure the results of activities intended to streamline and simplify GCF processes. These include:

(a) **Level 4 (institutional outcomes):** this level will track the results of key institutional commitments set out in the 2020-23 Strategic Plan to simplify access to GCF resources for developing countries, clarify and streamline accreditation, review and post-approval processes, improve transparency of GCF policies, processes and standards to stakeholders, and reduce the overall timelines of engagement with GCF.

12. Cognizant of the linkages between the current GCF programmes and funding windows, resourcing allocations will contribute to multiple outcomes under the four impact levels.

13. A gender-disaggregation of results will be promoted across all four levels. In the case of new indicators proposed for tracking both climate and organizational results, baselines will be developed as feasible based on existing datasets and included in the second iteration of the IRRF for consideration at B.25.

14. The overall structure of the IRRF across the four impact levels is outlined in the figure below. Table 1 outlines the proposed indicators, baselines, targets and resourcing for the delivery of climate impacts, and table 2 outlines the indicators, baselines, targets and resourcing for the achieving organizational effectiveness and efficiency.

II. Monitoring and accountability

15. GCF will report on the delivery of results under the IRRF on an annual basis as part of reviewing progress towards achieving the 2020-23 Strategic Plan. It will be complemented by regular reporting against key performance indicators in the work programme.

16. Reporting will also inform decision-making for optimizing the implementation of the 2020-23 Strategic Plan and making potential adjustments in the strategic directions.

Figure 1: Structure of the integrated results and resources framework

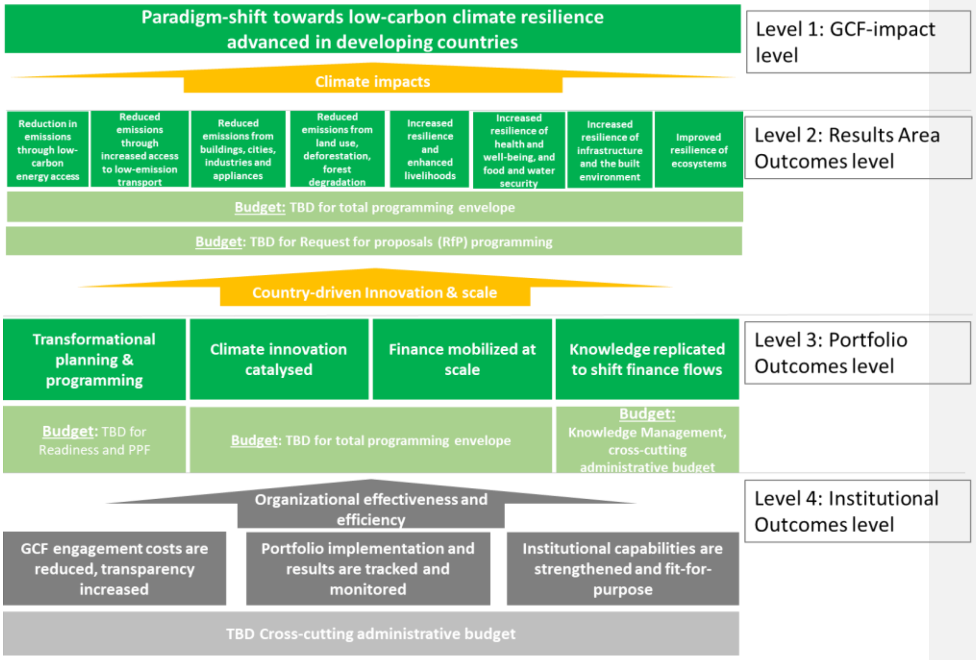

Table 1: Resourcing for climate impacts

<table>
<tr><th></th><th>Initial Resource Mobilization (IRM) results baseline</th><th>GCF-1 Results</th><th>IRM resourcing baseline</th><th>Resourcing and programming for GCF-1</th></tr>
<tr><td colspan="5">Level 1 – GCF-level impact: Paradigm shift towards low-carbon climate-resilience advanced in developing countries</td></tr>
<tr><td>• Number of beneficiaries</td><td>320 million</td><td>656 million</td><td rowspan="4">USD 5.2 billion, delivered through the total programming budget</td><td rowspan="4">USD [9.2] billion in GCF-1
Delivered through total programming budget</td></tr>
<tr><td>• Tonnes of carbon dioxide equivalent (tCO_2eq) averted</td><td>1,534 million tCO_2eq</td><td>5,099 million tCO_2eq TBD</td></tr>
<tr><td>• Cost per tonne of carbon dioxide equivalent (tCO_2eq) decreased for all GCF investments</td><td>7.2 USD/tCO_2</td><td>TBD</td></tr>
<tr><td>• Extent to which GCF investments have delivered transformational change in developing countries</td><td>New indicator</td><td>TBD</td></tr>
<tr><td colspan="5">Level 2: Results area outcomes and results</td></tr>
<tr><td colspan="5">Reduced emissions through increased low-emission energy access and power generation</td></tr>
<tr><td>Tonnes of carbon dioxide equivalent (tCO_2eq) averted</td><td>N/A</td><td>4,000 million tCO_2eq TBD</td><td rowspan="3">USD 2 billion
39.9 per cent of IRM portfolio</td><td rowspan="3">USD [3.65] billion in GCF-1
[39.9] per cent of portfolio at the end of GCF-1
Delivered through results area programming</td></tr>
<tr><td>Megawatt-hours installed battery storage system</td><td>New indicator</td><td>TBD</td></tr>
<tr><td>Number of people, businesses and community services benefitting from improved access to clean energy</td><td>New indicator</td><td>TBD</td></tr>
</table>

	Initial Resource Mobilization (IRM) results baseline	**GCF-1 Results**	**IRM resourcing baseline**	**Resourcing and programming for GCF-1**
Reduced emissions through increased access to low-emission transport				
Tonnes of carbon dioxide equivalent (tCO_2eq) averted	N/A	14 million tCO_2eq in GCF-1 TBD	USD 118 million 2.8 per cent of IRM portfolio	USD [207] million in GCF-1 [2.8] per cent of portfolio at the end of GCF-1 Delivered through Result Area Programming
Number of beneficiaries of low-emission mobility plans	New indicator	TBD		
Reduced emissions from buildings, cities, industries and appliance				
Tons CO_2	N/A	392 million tCO_2 eq. in GCF-1 TBD	USD 751 million 14.4 per cent of IRM portfolio	USD [1.31] billion in GCF-1 [14.4] per cent of portfolio at the end of GCF-1 Delivered through Result Area Programming
Number of Minimum Energy Performance Standards applied	New indicator	TBD		
Number of beneficiaries covered by green cities plans	New indicator	TBD		
Reduced emissions from land use, deforestation and forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stock				
Tonnes of carbon dioxide equivalent (tCO_2eq) averted	N/A	698 million tCO_2eq in GCF-1 TBD	USD 339 million 6.5 per cent of IRM portfolio	USD [594] million in GCF-1
Hectares of forests restored and forests conserved	New indicator	TBD		

	Initial Resource Mobilization (IRM) results baseline	GCF-1 Results	IRM resourcing baseline	Resourcing and programming for GCF-1
Hectares of land or forests under improved and effective management that contributes to CO_2 emission reductions	New indicator	TBD		[6.5] per cent of portfolio at the end of GCF-1 Delivered through results area programming and REDD-plus results-based payments
Total mitigation programming and results	**1,534 million tCO2eq**	**5,099 million tCO_2eq**	**USD 3.2 billion**	**USD 5.7 billion in GCF-1**
Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions				
Number of beneficiaries	N/A	178 million beneficiaries in GCF-1 TBD	USD 540 million 10.3 per cent of IRM portfolio	USD [946] million in GCF-1 [10.3] per cent of portfolio at the end of GCF-1 Delivered through results area programming
Proportion of population in these countries with access to impact-based multi-hazard early warning services	New indicator	TBD		
Increased resilience of health and well-being, and food and water security				
Number of beneficiaries	N/A	317 million beneficiaries in GCF-1 TBD	USD 601 million 11.5 per cent of IRM portfolio	USD [1.05] billion in GCF-1
Avoided expected lives lost	New indicator	TBD		

	Initial Resource Mobilization (IRM) results baseline	GCF-1 Results	IRM resourcing baseline	Resourcing and programming for GCF-1
Value of avoided loss of physical and economic assets	New indicator	TBD		[11.5] per cent of portfolio at the end of GCF-1 Delivered through result area programming
Proportion of population using resilient water services	New indicator	TBD		
Increased resilience of infrastructure and the built environment to climate change threats				
Number of beneficiaries	N/A	114 million beneficiaries in GCF-1 TBD	USD 566 million 10.8 per cent of IRM portfolio	USD [994] million in GCF-1 [10.8] per cent of portfolio at the end of GCF-1 Delivered through result area programming
Value of avoided loss of physical and economic assets	New indicator	TBD		
Avoided expected lives lost	New indicator	TBD		
Avoided emissions from nature-based solutions	New indicator	TBD		
Improved resilience of ecosystems and ecosystem services				
No. beneficiaries	N/A	48 million beneficiaries in GCF-1 TBD	USD 233 million 4.5 per cent of IRM portfolio	USD [409] million in GCF-1 [4.5] per cent of portfolio at the end of GCF-1 Delivered through result area programming
Hectares of area brought under sustainable management to safeguard provisioning of ecosystem services	New indicator	TBD		
Kilometres of coastline protected though nature-based solutions	New indicator	TBD		

	Initial Resource Mobilization (IRM) results baseline	GCF-1 Results	IRM resourcing baseline	Resourcing and programming for GCF-1
Total adaptation programming and results	**320 million beneficiaries**	**656 million beneficiaries**	**USD 1.9 billion**	**USD 3.4 billion in GCF-1**
Level 3: Portfolio outcomes				
Portfolio outcome 1: Strengthened developing country capacity to identify, design and implement transformational climate investments and enabling frameworks to realize their NDCs, NAPs and other prioritized climate actions				
• Country capacity to identify, design and implement transformational climate programming	New indicator	TBD	USD 312 million allocated for readiness in IRM	USD 480 million TBC under allocation for Readiness and Preparatory Support Programme
• Number of countries supported by GCF in developing national climate strategies and investment plans in line with well-below 2°C	80 countries supported for Country Programme development	At least [70] countries	USD 40 million allocated for project preparation in IRM	USD 80 million TBC under allocation for Project Preparation Facility
Portfolio outcome 2: Climate innovation catalysed: increased number of innovative, high-potential business models, technologies or practices demonstrated or adopted				
• Number of climate change innovations demonstrated and tested	New indicator	TBD	N/A	Delivered through total programming allocation
• Number of households and companies that have adopted GCF-supported climate change innovations	New indicator	TBD		

	Initial Resource Mobilization (IRM) results baseline	GCF-1 Results	IRM resourcing baseline	Resourcing and programming for GCF-1
Portfolio outcome 3: Mobilization of investments at scale: Increased mobilization of public and private finance to scale up successful, high-potential climate compatible investments				
• Volume of finance leveraged by GCF funding	USD 13.5 billion	TBD	USD 5.2 billion in total programming allocation	Delivered through total programming allocation
• Co-financing ratio of private sector investments	Baseline to be assessed	TBD	USD 2.14 billion in private sector portfolio allocation	Delivered through MFS and USD [X] billion of private sector portfolio allocation in GCF-1
Portfolio outcome 4: Replication of knowledge to shift finance flows				
• Number of knowledge products documenting good practices, methodologies and standards around transformational climate action	New indicator	TBD	N/A	Delivered through operational administrative budget and activities receiving readiness support
• Number of people trained in good practices and innovative technologies identified through GCF investments	New indicator	TBD	N/A	

Table 2: Resourcing for organizational effectiveness and efficiency results

	IRM results baseline	GCF-1 Goals	Resourcing for GCF-1
Level 4: Institutional level outcomes			
Institutional outcome 1: GCF engagement costs are reduced and transparency increased			
Output 1.1: GCF operations, processes and policies are clarified, simplified and communicated • Administrative, policy and programming manuals are in place and communicated to stakeholders; and • Sectoral guidance is finalized	New indicators	TBD	USD 400 million TBC Delivered through GCF-1 administrative budget
Output 1.2: Service standards are elaborated and implemented • Readiness service standards are implemented • FP service standards are implemented • Accreditation standards are implemented	Service standards not in place	Service standards developed and tracking implemented	
Output 1.3: Stakeholders have improved access to information pertaining to their proposals • Web-based proposal tracking system in place for countries and entities and utilized	Stakeholders do not have real-time access to the status of their proposals.	Stakeholders have real-time access to the status of their proposals.	
Output 1.4: Timelines for implementation of GCF programmes and projects are reduced. • Number of FPs reaching Board with pre-negotiated FAAs • Average number of conditions attached to projects reduced • Readiness review and implementation timeline reduced • SAP review and implementation timeline reduced • FP review and implementation timeline reduced	Baselines to be assessed	TBD	

	IRM results baseline	GCF-1 Goals	Resourcing for GCF-1
• AMA effectiveness timelines reduced			
Institutional outcome 2: Portfolio management systems are updated to track project implementation and results in line with the updated RMF and are adaptive to respond to changes or challenges in implementation activities			
Output 2.1: Incoming funding proposals are developed to track and monitor results of GCF investments. • % of GCF-1 FPs tracking results at Level 1 and Level 2 of the IRRF *(to be refined in line with the updated RMF)* • % of GCF-1 FPs with gender-disaggregated indicators • % of FPs under implementation reporting on results • % of FPs delivering anticipated results	Baseline to be assessed	TBD	USD 400 million TBC Delivered through GCF-1 administrative budget
Output 2.2: Responsiveness to implementation issues is enhanced. • % of FPs with implementation issues that have been identified by the AEs • % of FPs with implementation issues that the GCF has responded to • % of FPs under implementation with monitoring and evaluation issues that have been flagged and responded to by the GCF	Baseline to be assessed	TBD	
Output 2.3: GCF portfolio management system is strengthened • % of portfolio management processes that are automated • Early warning system in place for key implementation issues	New indicators	TBD	
Institutional outcome 3: Internal capacities are strengthened and fit for purpose			
Output 3.1: Increased number of privileges and immunities	Baselines to be assessed	TBD	

	IRM results baseline	GCF-1 Goals	Resourcing for GCF-1
Output 3.2: Improved standard-setting and mainstreaming across policies and operations • Percentage of projects with ESS action plans • Percentage of projects with gender assessments • Percentage of projects with gender action plans • Percentage of policies that are gender-sensitive	Baselines to be assessed	TBD	USD 400 million TBC Delivered through GCF-1 administrative budget
Output 3.3: Improved internal systems • Percentage of ICT systems that are automated • Number of audits carried out • Number of management action plans implemented • Percentage of processes with standard operating procedures OPs	Baselines to be assessed	TBD	
Output 3.4: Improved management of human & financial resources • Annual financial planning for programming in place • Annual budget execution stays within 5 per cent margin • Percentage of administrative budget as part of programming budget • Average recruitment time • Percentage of staff undertaking training • Percentage of Performance Managements and Development Systems completed • Number of contributor reports produced on time	Baselines to be assessed	TBD	