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## UNDP INPUTS ON UPDATED GCF STRATEGIC PLAN

Submitted by the UNDP Global Environmental Finance unit

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### ***I. Overview – UNDP’s Strategic Direction, Role at the Country Level, and Programmatic Priorities related to Climate Action***

#### *Strategic Direction*

UNDP believes that raising climate ambition requires system-level transformations, galvanized by unwavering leadership at the highest levels, and supported by diverse coalitions across all sectors of society. Presidents, school children, bankers, farmers – all have a role to play. This transformation requires new technologies, new incentives, new businesses, new markets. But mostly, it requires a new perspective that puts climate change at the center of everything we do. It requires fully infusing climate considerations across national and sub-national finance and planning, and into every major economic sector, and it requires us to harness the full spectrum of private and public climate finance sources

Working in over 170 countries and territories, and with a key role in governance and SDG integration, UNDP is uniquely placed to work with all sectors of society to help mobilize the institutions and resources required to achieve a 1.5-degree future. In this regard the primary role of UNDP is to support country-led efforts to achieve the 2030 Agenda, as part of the UN Development System (UNDS). UNDP and the UNDS support programme countries in their efforts to successfully address diverse development challenges, from addressing basic development needs to achieving structural transformations for sustainable development, and preventing and recovering from shocks, crises and conflicts by strengthening development pathways.

Anchored in the 2030 Agenda for Sustainable Development and committed to the principles of universality, equality and leaving no one behind, the [UNDP vision for the Strategic Plan, 2018-2021](#) is to help countries achieve sustainable development by eradicating poverty in all its forms and dimensions, accelerating structural transformations for sustainable development and building resilience to crises and shocks. This Strategic Plan sets out a vision for the evolution of UNDP over the next four years, responding to a changing development landscape and the evolving needs of our partners. Building on our experience to date, it describes how we will support countries to achieve the 2030 Agenda and the Sustainable Development Goals and related agreements. The plan reinforces our commitment to working in partnership with Governments, civil society and the private sector, as a catalyst and facilitator of support from the United Nations System as mandated by the General Assembly.

### *UNDP's Work at the Country Level*

The work of UNDP in 170 countries around the world is anchored in two critical roles at country level: (a) as an integrator across policy, programmatic and organizational silos; and (b) as an operational backbone for the United Nations and other partners.

**UNDP as an integrator.** Development challenges are increasingly complex, requiring ever greater collaboration across sectors and partners to deliver impacts at scale and to utilize limited resources efficiently. The breadth of expertise and country presence of UNDP make it unique within the UNDS to help countries to "connect the dots" on the most complex sustainable development issues, including how to tackle climate change. Given this and its reputation as an impartial partner, UNDP helps Governments to convene across line ministries and development partners to promote "whole-of-government" and "whole-of-society" responses vital for transformational change. UNDP is often called upon to support development coordination mechanisms at country level, assist countries to formulate their national development strategies and align them with the Sustainable Development Goals. This is facilitated by long-standing UNDP partnerships at the highest levels of government, including with ministries of planning and finance; law-making bodies, such as parliaments; and constitutional authorities.

**UNDP as an operational backbone.** The widespread country presence of UNDP has also served as an operational platform for United Nations agencies and other partners for many years. Many United Nations agencies utilize UNDP implementation capacity (including information technology, finance and human resources infrastructure) to enable them to operate effectively and cost-efficiently in difficult and sometimes risky operational contexts. UNDP administers the United Nations Capital Development Fund (UNCDF) and United Nations Volunteers programme, both important assets to the United Nations system. UNDP integrates volunteers into the delivery of its projects and supports Governments in engaging volunteers and young people for the Sustainable Development Goals. UNCDF is the UNDP partner of choice on local development finance and financial inclusion to unlock public and private finance for the poor in least developed countries.

Under the new Strategic Plan UNDP is looking to expand and deepen its partnerships outside the United Nations system in the following areas: (a) South-South and triangular cooperation; (b) civil society; (c) the private sector; and (d) international financial institutions (IFIs).

### *UNDP's Main Thematic Areas of Work on Climate Change*

To achieve the Sustainable Development Goals (SDGs) and eradicate poverty and inequality, tackling the dual threats of climate change and disasters is essential. By building resilience and ensuring that all development is risk-informed, countries and communities can protect against losses and simultaneously boost economic growth, create jobs and livelihoods, strengthen access to health and education, and ensure that no one is left behind.

UNDP's support to countries on climate change and disaster resilience is shaped by three important global agreements: the Paris Agreement on Climate Change, the Sendai Framework on Disaster Risk Reduction, and the 2030 Agenda for Sustainable Development. UNDP works with countries to help them reduce greenhouse gases and advance a long-term goal of zero-carbon development. At the same time, we work together with partners to adapt to the impacts of climate change, enhance access to clean energy, reduce the risk of disasters and, where needed, support resilient disaster recovery. Taken all together, these efforts are the path towards sustainable development that is risk-informed, zero-carbon and resilient.

As the largest implementer of climate action in the UN System, UNDP works with countries to turn their climate goals into action. At the heart of this is our post-Paris climate commitment [CM1] and our support for designing and delivering ambitious climate plans, or Nationally Determined Contributions (NDCs), that pave the way toward a more sustainable world for all.

UNDP's work on Climate Change is focused around three main areas of work:

## **1) Enhancing Adaptation and Resilience**

For UNDP, adaptation means climate-resilient economic development and sustainable livelihoods, especially for vulnerable populations – the poor, women, and indigenous peoples. These communities are often the most vulnerable to climate change and are at greater risk to its impacts. A single shock – a storm or drought – or slow onset impact – such as sea level rise – can exacerbate existing vulnerabilities and increase the likelihood of locking communities already at risk into cycles of poverty.

UNDP is supporting countries to respond to the ongoing impacts of climate change and to prepare for the impacts in the future. UNDP's adaptation portfolio supports over 110 countries through over 250 projects to integrate current and future climate risks and uncertainties into national and sub-national development efforts. Working together with international development agencies, donors, civil society, national governments and local stakeholders this work is designed to build lasting resilience for at-risk communities and promote a global zero-carbon future.

UNDP supports climate change resilience and risk management at the local, regional and global levels in the context of climate-resilient agriculture and food security, promoting sustainable water resource management, ensuring sustainable coastal zone development, addressing climate-related extreme events and risks, providing access to early warning systems and climate information for enhanced planning, and pursuing ecosystem-based adaptation approaches. It also includes support for National Adaptation Plans (NAPs) and National Adaptation Programmes of Action (NAPAs).

All approaches are also gender-responsive in that they address the unique needs and priorities of both women and men, while also empowering women as important adaptation leaders and agents of change. A more in depth look and country-by-country case studies can be found here: [www.adaptation-undp.org](http://www.adaptation-undp.org)

## **2) Reducing emissions, promoting clean energy and protecting forests**

Reducing greenhouse gas emissions – or climate change mitigation – is crucial to reaching the Paris Agreement's goal of limiting global average temperature rise to 2 – and ideally 1.5 – degrees Celsius. All sectors, including energy, transportation, industry, forests and agriculture must be made more sustainable. It is critical to accelerate innovative solutions such as promoting clean energy, developing or scaling-up new sustainable technologies, making equipment more energy efficient and changing consumer behavior in order to pave the way toward a cleaner future for all.

UNDP is committed to providing long-term support to countries to pursue zero-carbon and climate-resilient sustainable development. UNDP's mitigation portfolio consists of over 280 projects and programmes in over 110 countries. Together with our partners, UNDP supports countries to take ambitious climate action using a wide range of strategies and approaches, including access to clean and affordable energy, energy efficiency and renewable energy, Nationally Appropriate Mitigation Actions (NAMAs), Low Emission Development Strategies (LEDS), Biennial Update Reports to the UNFCCC (BURs) and carbon finance, sustainable transport and infrastructure, inventories of hydrofluorocarbons, consumption and demonstration of climate-friendly alternative technologies and sustainable forestry.

UNDP's *Sustainable Energy Strategy Note, 2017-2021: Delivering Sustainable Energy in a Changing Climate* articulates – for the first time – UNDP's vision, mission, approach, guiding principles, and focus in the area of sustainable energy. It also highlights the critical role that sustainable energy plays in advancing major outcomes from post-2015 global processes including the SDGs, the Paris Agreement, the Sendai Framework for Disaster Risk Reduction, and the New Urban Agenda.

The strategy builds on UNDP's strengths and over two decades of experience in promoting sustainable energy solutions around the world. It comprises three key action areas in line with SDG7 targets: increasing access to affordable, reliable and sustainable energy; increasing the global rate of improvements in energy efficiency; and increasing the share of renewable energy in the global energy mix.

UNDP's approach in supporting countries to achieve the above three interlinked areas relies on a suite of integrated interventions in policy, technology, finance, delivery systems, capacity development, community mobilization, and awareness raising to reduce and, where possible, remove a range of barriers that inhibit investments in scaling up sustainable energy solutions.

Reducing greenhouse gas emissions through conservation and sustainable management of forests is another key aspect of UNDP's climate change mitigation portfolio. Deforestation and forest degradation accounts for more than 10% of global greenhouse gas emissions. It is now clear that the stabilization of global temperatures cannot be achieved without reducing emissions from the forest sector. In fact, land use and forests provide a quarter of all emission reductions planned by countries in their NDCs. UNDP's work supporting countries with conservation and sustainable management of forests ensures emissions from forests will be reduced and carbon stocks will be enhanced while at the same time sustainable, equitable, low carbon development paths will be identified and put into practice.

The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries was launched in 2008 and builds on the convening role and technical expertise of UNDP, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP). The UN-REDD Programme supports nationally led REDD+ processes and promotes the informed and meaningful involvement of all stakeholders, including indigenous peoples and other forest-dependent communities, in national and international REDD+ implementation.

### **3) Strengthening climate policy, dialogues and processes**

The post 2015 development agenda, which includes the Sendai Framework for DRR, outcomes of the World Humanitarian Summit, Agenda 2030 and the Sustainable Development Goals, the Addis Ababa Action Agenda on Financing for Development, and the Paris Climate Agreement, heralds a new era in the integration of climate change in development action.

In particular, the landmark Paris Climate Change Agreement, adopted by over 190 countries in December 2015, set the world on a new pathway toward sustainable development. All countries – large and small – pledged to keep global temperature rise to below 2, and ideally 1.5, degrees Celsius. To achieve this, each country agreed to develop a national plan, or Nationally Determined Contributions (NDCs), that will direct their national actions on climate change.

UNDP is helping countries to put the words of the Paris Agreement into action. This is particularly important for the design and delivery of NDCs. In the lead up to Paris, UNDP was a leading supporter to countries in preparing their Intended NDCs. We provided technical support and hosted or co-hosted numerous global and regional dialogues that brought governments and partners together to discuss the main elements of NDCs. Now, as countries focus on implementing their targets in the NDCs, we are scaling-up our direct technical and financial support on NDCs and related areas in line with our programming under the Green Climate Fund, Global Environment Facility, Adaptation Fund, UN-REDD and other multilateral and bilateral sources. We are working closely with our partners, such as the NDC Partnership, to ensure every country has support to achieve their goals.

In addition, as countries in the UNFCCC process continue to discuss the next steps for the Paris Agreement – the “rulebook” of guidance, mechanisms and tools that will help countries to achieve increasingly ambitious targets – UNDP draws upon its experience to help countries design a system that is effective, efficient and equitable. UNDP provides technical support to delegations, negotiating groups and other stakeholders to identify and advocate for their priorities and provides a network of experts that countries can draw upon for support. This way, all countries – not only those with large and well-funded delegations – can ensure they have the technical, financial and capacity building resources they need to reduce emissions and increase their resilience to the impacts of climate change.

### *UNDP's Engagement with the Vertical Environmental Funds*

The UNDP Global Environmental Finance (UNDP-GEF) Unit partners with environmental vertical funds to support countries with simultaneous eradication of poverty and significant reduction of inequalities and exclusion, by catalysing environmental finance for sustainable development.

The UNDP-GEF Unit provides programming and implementation support services to countries in the following areas:

- Sustainable management of ecosystem goods and services;
- Scaling up of climate change adaptation and mitigation;
- Sustainable, affordable and accessible energy services;
- Sustainable management of chemicals and waste; and
- Improved water and ocean governance.

In addition to engagement with the GCF, the principal environmental vertical funds UNDP partners with are those managed by the Global Environment Facility (GEF), including the GEF Trust Fund (GEF TF), Nagoya Protocol Implementation Fund (NPIF), Least Developed Countries Fund (LDCF), and Special Climate Change Fund (SCCF).

As an accredited entity of the GCF, UNDP works with NDAs to develop and submit funding proposals for review by the GCF Secretariat and consideration and approval by the GCF Board. Since receiving accreditation by GCF, UNDP has been working with NDAs across all regions to develop and submit funding proposals. UNDP's approach to GCF pipeline development is demand-driven: UNDP only develops a given GCF project upon receiving a written request from the country (via the country's NDA) and assessing the project request against certain pre-determined criteria, including alignment with the Investment Framework of GCF; alignment with UNDP's accreditation status and comparative advantage; and alignment with relevant Sustainable Development Goals (SDGs) and partner country priorities.

### *UNDP's Role in the 2019 Climate Summit*

On 23 September 2019, the Secretary-General of the United Nations will host the Climate Action Summit in New York with the objective of boosting ambition and rapidly accelerate action to implement the Paris Agreement. The Secretary-General aims to demonstrate a leap in collective national political ambition and massive low-emission movements in the real economy by:

1. Raising national ambition: Countries are asked to present concrete, realistic plans, compatible with the latest Special Report on Global Warming of 1.5° C by the Intergovernmental Panel on Climate Change, to enhance their Nationally Determined Contributions by 2020, reduce greenhouse gas emissions by 45 per cent over the next decade, and to net zero by 2050.
2. Prompting transformative changes needed to support the implementation of these plans in the areas of energy transition; infrastructure, cities and local action; industry transition; resilience and adaptation; nature-based solutions; climate finance and carbon pricing.
3. Generating political momentum through enhanced social and political drivers as well as youth and public engagement.

To structure the process of identifying the transformational initiatives for the Summit, nine interdependent tracks have been defined. UNDP is playing a key role in two of the nine tracks as follows:

- The Mitigation Strategy track will be led by Japan and Chile with the support of Ms. Patricia Espinosa, Executive Secretary of the United Nations Framework Convention on Climate Change, Mr. Achim Steiner, Administrator of the United Nations Development Programme (UNDP) and Mr. Paul Polman, Vice-Chair of the Board of the United Nations Global Compact and will focus on strategies mainly for the major emitters.

- The Resilience and Adaptation track will be led by Egypt and the United Kingdom and supported by UNDP and will focus on integrating climate risks into public and private sector decision-making to assure sustainability of food, water and jobs for the future as well as to prevent disasters and to allow a quick recovery after disasters especially of the most vulnerable groups.

#### *UNDP Climate Priorities for 2019*

UNDP is committed to raise ambition on climate action at the country level: The Deputy Secretary General has called upon Resident Coordinators to lead engagement at the highest political level and ensure system-wide support to countries to deliver ambitious NDCs, working closely with UNDP. This call recognizes UNDP's role in driving the UN System's programmatic support and providing the necessary operational capacities for NDC implementation. UNDP's engagement will focus on 1) accelerating current NDC implementation; and 2) helping countries develop more ambitious next generation NDCs. Collaboration with GCF is critical to this effort.

To support countries in advancing ambitious climate action towards the Paris Agreement, UNDP is developing and rolling out a set of resources in the first half of 2019. These resources provide the latest intelligence, tools, and guidance needed to strengthen implementation of UNDP's support to countries vis a vis the UN System and the *Joint United Nations Approach to Support Nationally Determined Contributions under the Paris Agreement*, and help to move the needle on climate action. This set of resources will include:

- **UNDP NDC Support Strategy and associated toolkit:** will outline key principles, assumptions and a theory of change that describes how UNDP's NDC support can help achieve strategic corporate priorities for bold climate action and achievement of the SDGs, while also contributing to the Joint UN Approach. A complementary toolkit will walk through key elements of the Strategy, with links to more detailed resources and country examples. Part of this will include specific definition and analysis of NDC implementation – what it means, success factors needed to accelerate implementation, and UNDP's role in contributing to these efforts across our portfolio.
- **Checklist for enhancing NDCs for 2020:** Under the UNFCCC, all countries are invited to “pursue efforts to communicate, update or enhance their NDCs” ahead of the 2020 deadline. This brief will provide a checklist of low-cost “quick wins” to enhance NDCs that are solidly grounded in Agenda 2030, building on UNDP's experience and expertise. The checklist can be used to initiate engagement with policymakers and advocate for enhanced NDCs and ambition ahead of 2020.
- **Curated resource list to support NDC efforts:** covering key tools, guidelines and learning resources developed by UNDP and/or strategic partners reflective of UNDP's comparative advantages and potential service support lines.
- **Global NDC analysis of bottlenecks and implementation status:** Building on the results of the forthcoming global survey on NDC implementation status, analysis of challenges and progress on accelerating NDCs will be developed and disseminated. This analysis can be used both for advocacy (e.g. as an input to the SG's Climate Action Summit in September) and as a benchmarking tool for targeting and strengthening the UN's support on climate action and our coordination with other partners.

## II. Additional Inputs Disaggregated by Thematic Areas (as provided by GCF)

### Strengthening country ownership and integrating efforts to meet country-specific needs, requirements, and circumstances

Country ownership is an underlying principle of all UNDP interventions. UNDP projects and programmes are demand-driven and are designed and implemented jointly with national partners. UNDP recognizes the need for GCF and Accredited Entities (AEs) to respond to the specific needs of our client countries, taking into consideration different circumstances and challenges the countries encounter in their efforts to embark on a zero or low-carbon and climate resilient development pathway. With the growing landscape of GCF stakeholders (i.e. increasing number of AEs and GCF pipeline of projects/programmes), transparency is of paramount importance for both the AEs and the countries.

Recommendations for GCF to consider in this regard:

- GCF could bridge the current information gap between the national designated authorities (NDAs) and the AEs by opening an online platform which would enable GCF, AEs and NDAs to see the full country pipeline in a given country (i.e. country programmes submitted to GCF by NDAs as well as all AE work programmes in the country and GCF-funded activities underway). This would be extremely helpful for all stakeholders as regards facilitating collaboration and increasing transparency. It would specifically help to (i) assist the NDAs to prioritize the interventions and better assess the suitability of different accredited entities; (ii) facilitate coordination and partnerships between different AEs to address specific country needs and requirements in a certain sector based on comparative advantage and country demands; and (iii) ensure GCF programming does not happen in isolation to the other financing partners (including other multilateral funds).
- GCF could further improve complementarity and coherence with other climate finance sources to advance NDC implementation. For example, UNDP has a climate finance portfolio of 4.8 billion USD under implementation or as part of our pipeline supported by the Global Environment Facility, Adaptation Fund and other multilateral funds and partners. There is a great potential for the accredited entities and countries to piggyback and build on these efforts with support from the GCF and scale up best practices and impact already made under other vertical funds. Creating a window of opportunity for approaches, practices and technologies that were already tested and proven to deliver climate benefits would help the countries to achieve their national targets and fulfill their priorities in line with their Nationally Determined Contributions (NDCs). GCF is well positioned to streamline the investments with the objective ensure coherence and complementarity with other funds and donors.

### Enhancing accessibility and inclusiveness on the frontlines of country and partner engagement

#### *Joint Collaboration between AEs and with Direct Access Entities*

UNDP recognizes the added value of partnerships, including those that could be formed with other GCF accredited entities, other United Nations entities, private sector, civil societies or other development stakeholders. UNDP takes note of the first approved project entitled *Sustainable Landscapes in Eastern Madagascar* jointly implemented by the European Investment Bank and the Conservation International Foundation and which serves as a good example of possible partnership between two AEs, combining policy and financial de-risking instruments in an integrated fashion, delivering tailored solutions for the beneficiaries while building on the comparative advantages of both AEs.

Recommendations for GCF to consider in this regard:

- UNDP would welcome further guidance on joint implementation modalities, including possible implementation and legal arrangements, particularly as regards international AEs partnering with direct access entities or two international AEs partnering with different fiduciary accreditation levels. Joint implementation also raises opportunities for new programmatic approaches, as mentioned below.
- UNDP is ready to support National Accredited Entities to access GCF funding and has started initial discussions in some countries, informed by the relevant National Determined Contributions as a basis for identifying the need for support. National Direct Access Accredited Entities are interested to take action in accessing climate finance but often lack capacities and knowledge to meet the requirements of financiers such as GCF. While UNDP is willing to support National Accredited Entities to access GCF funding, a collaborative effort in developing GCF submissions has so far not been encouraged and there are no specific modalities in place to foster such approaches. It would be helpful if additional guidance on these issues could be provided in the next strategic plan.

#### *Building capacities for Reducing Emissions from Deforestation and Forest Degradation (REDD+)*

UNDP supported Ecuador in accessing finance from the Forest and Land-use impact area in 2016 and is the first AE to submit a REDD-plus results-based payments (RBP) proposals to GCF with the proposal from Brazil approved by the Board at its 22<sup>nd</sup> meeting.

In the coming years, several countries will complete the UNFCCC requirements for accessing REDD+ Results-Based Payments (RBPs) and aim to participate in the GCF REDD+ pilot programme (or its subsequent programmes). It is of a great importance for UNDP, as well as for the countries, to ensure that the pilot programme serves to test the efficacy of this approach and adopt lessons learned to create a fully functional REDD+ results-based payment programme modality for the future.

Several countries are hoping to access both REDD+ up-front finance (through funding proposals or readiness) and RBPs from the GCF and have requested UNDP support. In many cases these countries do not have a national accredited entity, and even if they do, these national (direct access) entities often have limited capacity to support the development and implementation of REDD+ proposals.

These GCF readiness process and the UNFCCC REDD+ readiness processes have evolved largely in isolation up until now which is in part why National Access Entities are not currently in a position to access REDD+ results-based payments. Therefore, supporting both these processes in a coordinated manner has become a challenge.

Recommendations for GCF to consider in this regard:

- GCF could set-up a capacity building programme to ensure that national (direct access) AEs develop the internal know-how to support the Biennial Update Report process, the REDD+ Forest Reference Level, technical annex, Summary of Information and Safeguards Information Systems processes and the REDD+ Results-Based payment proposal development process in a coordinated matter. This is crucial as we aim to set-up the basic mechanics of a fully functioning system for National Entities to fully take-on the required responsibilities of implementing REDD+ result-based payments over the next few years.

**Motivating and supporting country-driven and paradigm-shifting actions to drive towards low-emission and climate-resilient development pathways**

UNDP supports climate change adaptation in the context of agriculture and food security, water resources, coastal zone management, ecosystems protection, public health, resilient infrastructure, and climate information/early warnings; all of these entail multiple social, economic, and environmental co-benefits. The inter-connectedness of climate change adaptation and development challenges implies that GCF programming on adaptation should be positioned to support country systems and capacities to deliver cross-sectoral, integrated approaches to scale-up adaptation in the context of the Sustainable Development Goals agenda. It is critical that countries' approach to adaptation reflects the principles of 'leaving no one behind' and GCF's support to adaptation on the ground is gender-responsive and addresses the needs of the vulnerable and the marginalized. UNDP therefore further encourages GCF to consider the challenges that come with the attempts to create siloed/sectoral approaches and a strict divide with respect to determining incremental costs of adaptation vs. funds necessary to reduce the underlying vulnerabilities of communities/systems/economies as a way to increase adaptive capacities.

Recommendations for GCF to consider in this regard:

- GCF to provide further guidance on the parameters of a thematic, cross-sectoral programmatic approach: UNDP welcomes the approval of a number of multi-country proposals led by other accredited entities. GCF could give considerations to encourage multi-AE programmes (i.e. programme jointly implemented by two or more AEs jointly in one or more countries) and/or thematic multi country programmes that would promote cross-sectoral interventions, technologies or solutions for impact at scale.

For instance, a pilot thematic window for health-climate change nexus interventions, low-carbon urban transport and sustainable city projects, integrated urban resilience approaches, new private sector models for energy access (e.g., mini-grids), interventions to address transboundary climate risks, etc. could be opened for to allow countries and AEs to develop cross-sectoral/multi-country projects. Programmes could be regional or global in nature. Countries could express their interest and upon fulfillment of certain criteria would have the GCF funding earmarked prior to development of the full programmatic proposal. This sort of modality would (i) accelerate cross-sectoral, integrated approaches for scaled-up impact and implementation of NDCs; (ii) help GCF to balance its portfolio especially in the areas/sectors that are currently underrepresented; (iii) decrease the level of uncertainty among the countries who are in some cases more hesitant to explore cross-sectoral, programming opportunities at scale; and (iv) create larger scale market opportunities and demand that could attract private sector.

### **Sustaining support for countries to invest in knowledge, institutional and human capacity development**

*Supporting information, knowledge, and evidence related to climate risks/impacts/interventions*

Countries have been calling for support in generating and accessing climate data and information, which would help them to better understand climate related risks and impacts as well as gather the evidence of climate change impact for future planning.

Recommendations for GCF to consider in this regard:

- While the National Adaptation Plans provide scope to enhance country capacities on data collection and knowledge management, GCF might consider dedicating more investments into improving country capacities on climate information and business case/evidence for investments. Such assistance might include (i) financial or other support on impact evaluations in a more systematic way; or (ii) research and development activities that are designed to be

an integral part of the proposals or project preparation facility funded activities, therefore helping foster innovation at the country level.

### *South-South Cooperation*

Human development – with its focus on the expansion and use of institutional and human capabilities – provides the conceptual basis for the longstanding UNDP commitment to capacity-building and development. UNDP capacity-building and development services are underpinned by continuous research and analysis of good practices and lessons learned across countries, capacity assessment methodologies and response applications. The 2030 Agenda and its Sustainable Development Goals acknowledge the critical role South-South cooperation (SSC) plays in global development, and so do other important global agendas, notably the Sendai Framework for Disaster Risk Reduction, the Paris Agreement on Climate Change, and the Addis Ababa Action Agenda on Financing for Development. UNDP has made a strategic commitment to helping countries to expand engagement in mutual learning and solution sharing for a more rapid and sustainable development progress, including with respect to climate change. More than 100 of UNDP's 130 UNDP Country Offices collaborated with national governments and other partners in SSC activities in 2018 and in doing so, supported partnerships with over 180 other countries through more than 900 initiatives.

Recommendations for GCF to consider in this regard:

- South-South Cooperation has gained momentum and a number of developing countries have accumulated unique knowledge and experience by adopting sustainable, low greenhouse gas emission and climate resilient development solutions. These ongoing initiatives are also potential entry points for GCF support and involvement to promote for instance, cutting-edge technology. There could be further investment encouraged within GCF programming to promote SSC, allowing for knowledge and learning exchange among projects/countries.

### **Supporting capacity development of national institutions for climate change adaptation and mitigation project pipeline development and successful implementation of funded activities**

#### *Promoting partnerships between international access and direct access entities*

UNDP strives to engage national entities in design and implementation of the interventions that seek GCF funding and often plays a role of the 'Integrator' in the UN system. GCF could take a more proactive role in promoting learning and knowledge exchange between direct access and international access entities. This might include allowing or encouraging design of joint proposals with the direct access entities as a way to increase their capacities before or in parallel to their own future programming activities with GCF.

#### *Project Preparation Facility – programmatic approach*

Accessing project/programme preparation resources are a general challenge for both direct access and international access entities. The Project Preparation Facility (PPF) has been opened and made available for all entities, especially for direct access entities. The current PPF modality however does not allow the AEs to submit a multi-country PPF application that would enable them to develop a programme for several participating countries at the same time – under one PPF umbrella. As a result, the transaction costs of developing PPF requests for each country individually might be discouraging the AEs from designing a more ambitious regional or global programmes.

### **Motivating and supporting transformation toward sustainable financial systems**

#### *Focus on the importance of leveraging and the role of private sector*

Even at a level of \$ 10 billion or more, GCF funding remains a very small sum in the face of the country needs. Only massive shifts in private capital can achieve the Sustainable Development Goals and climate goals. GCF's current leverage of GCF resources to co-finance currently stands at over 1:2 (\$5 billion GCF resources committed with a total value of GCF resources + co-financing at \$17.6 billion)<sup>1</sup>. Scarce public funding needs to be invested as prudently and as cost-effectively as possible, with leverage being the principal metric.

Recommendations for GCF to consider in this regard:

- Given the widening gap between available public finance resources and the costs of adaptation, UNDP is increasingly focusing on catalyzing private sector engagement and financing to invest in mitigation and adaptation actions. There is an opportunity for the GCF to fully recognize the value of policy de-risking – a strategic priority of UNDP – to create the enabled policy and regulatory investment environment that the private sector requires if it is to deploy low-cost, commercial capital at scale; to more actively promote risk mitigation instruments<sup>2</sup>, such as guarantees and credit lines to domestic banks, that allow for higher leverage ratios and expressly crowd-in domestic private capital; and to optimize and scale-up private sector engagement across value-chains and markets, while ensuring that the most vulnerable are not left behind. UNDP's tools, such as the De-risking Renewable Energy Investment (DREI) framework, offer innovative, data-driven support to countries on combining policy de-risking and financial de-risking instruments, to most cost-efficiently and sustainably catalyze investment. UNDP would welcome deploying the DREI framework under joint implementation approaches, in partnership with other AEs.

As an 'integrator' for the UN system at the country level, UNDP is also well poised to support leveraging GCF programming to direct public and private sector investment into low-carbon, climate resilient development. GCF could play an important role in this effort through the GCF's private sector facility to link public sector programming to efforts to de-risk private sector investments.

#### *Supporting new impact-driven, asset classes*

In recent years, impact investment has begun to emerge as a nascent, yet fast-growing, new asset class. Over time, impact investment holds the promise of directing large volumes of lower-cost capital to climate investments, both in terms of international and domestic financial flows. UNDP is itself seeking to support this growing asset class through its SDG Impact initiative, providing direct assistance to private sector corporates and investors in the areas of impact management (indicators), intelligence and facilitation. UNDP would welcome the GCF recognizing impact investment as an important strategic area going forward.

#### *Private and public partnerships (PPPs)*

Developing countries cannot afford to wait for international finance to be mobilized and are already spending billions of their own scarce domestic finance for climate action. A mix of public – both domestic and international - and private sector finance are required to support action at the scale needed.

In the context of deforestation, for instance, reducing GHG emissions requires working with private financial institutions and the agricultural and livestock producers, as well as creating an enabling

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<sup>1</sup> GCF website

<sup>2</sup> For example, guarantees currently represent 2% of the current GCF portfolio with equity at 8% of funds committed thus far. Loans and grants are at 44% Source: GCF website

environment for sustainable finance. UNDP's current approach is to work with national and international financial Institutions and private banks incentivize reduced deforestation agricultural and livestock production through tailored financial products. In general, the role of UNDP is to support the creation of enabling conditions: for instance, creating user-friendly real-time information systems; providing technical assistance to producers; supporting land-use planning and its enforcement.

Recommendations for GCF to consider in this regard:

- There is currently no clear modality or guidance on the possibility of public private proposals under the GCF for the GCF public sector window. This opens a window of opportunity for GCF to further explore and guide how such models can be developed and could become a facilitator for such public private partnerships.

### **Pursuit of ambitious results, greater impacts and fundamental transformation in order to significantly contribute to the achievement of 1.5°C goal and close the Greenhouse Gas (GHG) emission gap by 2030**

If we are to see bold societal transformation across the different development contexts in which UNDP works, we must reframe climate investments as an opportunity to accelerate climate action while simultaneously achieving multiple development dividends. UNDP's Strategic Plan identifies six "signature solutions" for achieving the SDGs; our vision for transformative climate action builds upon those solutions by focusing on climate actions that can deliver the most development results in the shortest time with the fewest resources. Some ideas in this regard include the following:

#### *Green Cities, Bright Futures*

Although accounting for less than 3% of the earth's terrestrial area, cities are home to 55% of the world's population, accounting for more than 70% of global greenhouse gas emissions.<sup>3</sup> But life in cities has become dangerous for millions of people; pollution from burning of fossil fuels causes over 6 million deaths annually.<sup>4</sup> We must rapidly transition to cleaner technologies, and to a zero-carbon economy, including how we move, feed, cool, warm, and house people and goods. We must also ensure that the world's coastal cities can adapt to climate change impacts. The transition to greener, more resilient cities represents an enormous investment potential, and is among the most efficient way to limit greenhouse gases.<sup>5</sup>

UNDP will help 20 major cities develop road maps for this transition through energy forecasting and analysis, policy reform, implementation of public-private partnerships, and mobilization of investment capital. Technology and innovation also have a key role in this transition, including through smart grids, smart buildings and smart homes; and through new and emerging breakthroughs in heating, cooling, electric cars, battery storage and low-carbon construction materials. UNDP will help countries develop bold NDC actions that accelerate an urban energy transformation, including promoting actions such as district heating; infrastructure for electrification of transportation; incentives for building efficiency; upgrading of refrigeration and cooling systems; and waste energy recycling in industrial centers, among others. These actions not only enable governments to achieve their Paris Agreement commitments, but also improve the lives and health of millions of people.

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<sup>3</sup> [https://www.c40.org/why\\_cities](https://www.c40.org/why_cities)

<sup>4</sup> <https://www.forbes.com/sites/niallmccarthy/2018/04/18/air-pollution-contributed-to-more-than-6-million-deaths-in-2016-infographic/#166bb80e13b4>

<sup>5</sup> <https://www.sciencedirect.com/science/article/pii/S1877343517301240>

### Powering up Rural Development

About a billion people, mostly in rural areas, do not have access to energy, and an additional 3 billion people lack access to clean cooking facilities.<sup>6</sup> Reliable clean energy is both an enabler and an accelerator of sustainable development. It eliminates the indoor air pollution that causes 4.3 million deaths annually<sup>7</sup>, reduces household labor for girls and women, and is an engine for businesses and economic development, particularly for small businesses. Rural electrification also reduces on-farm and supply chain food waste, where 80% of food waste occurs, a major source of greenhouse gases.

Because the world is witnessing history's fastest expansion in the global middle class,<sup>8</sup> we will see a rapid increase in energy demand of 30% or more by 2030.<sup>9</sup> Ensuring that the billion people in energy poverty choose renewable energy will avoid enormous short-term carbon emissions, and ensure that as rural communities and economies develop, they can power their homes, transportation and economic activities through renewable energy.

UNDP will help power 100 million homes and businesses with affordable, clean energy by promoting private sector solutions for off-grid electrification, including solar-battery mini-grids and solar home systems, disruptive digital and cellular technologies, and new private sector business models. An annual investment of USD 52 billion is required to achieve universal electricity access by 2030<sup>10</sup>. UNDP will work with partners to create an investment environment that enables these innovative technologies, and which attracts the volumes of public and private financing required to fill this finance gap. UNDP will also help countries develop NDC actions that help to catalyze these changes, including promoting actions such as the installation of village-wide mini-grids; household rooftop and community solar arrays; clean cookstoves; micro-hydro installations; household energy efficiency; and renewably powered rural economic incubation centers, among others.

### Vibrant Nature, Thriving Communities

Nature underpins sustainable development, providing the essential life-support services without which life cannot exist. Yet nature is in steep decline; in just the past 50 years, we have lost nearly 60 percent of the populations of more than 16,000 species<sup>11</sup> and half of all tropical forests worldwide,<sup>12</sup> and 40 percent of all land on earth degraded.<sup>13</sup> This loss jeopardizes the livelihoods of the more than 4 billion people who depend on healthy farms, forests and fisheries to survive. Moreover, industrial agricultural practices, forest clearing, and other unsustainable land uses account for about a quarter of all greenhouse gas emissions.<sup>14</sup>

Investing in the protection and restoration of ecosystems with high conservation stocks, including intact tropical forests, peatlands and mangroves, is among the most efficient pathways for sequestering carbon from the atmosphere,<sup>15</sup> while also securing essential ecosystem services. For example, restoring forests could improve water security by more than 10%, at a cost of less than USD 2 per person annually.<sup>16</sup> Moreover, failure to act on restoration is costing our global economy as much as USD 20 trillion a year in lost ecosystem goods and services,<sup>17</sup> while investing in natural climate

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<sup>6</sup> <https://trackingsdg7.esmap.org/>

<sup>7</sup> <https://www.un.org/sustainabledevelopment/energy/>

<sup>8</sup> <https://www.brookings.edu/research/the-unprecedented-expansion-of-the-global-middle-class-2/>

<sup>9</sup> <https://www.eia.gov/outlooks/ieo/>

<sup>10</sup> <https://www.iea.org/energyaccess/>

<sup>11</sup> [https://s3.amazonaws.com/wwfassets/downloads/lpr2018\\_summary\\_report\\_spreads.pdf](https://s3.amazonaws.com/wwfassets/downloads/lpr2018_summary_report_spreads.pdf)

<sup>12</sup> <https://www.iucn.org/resources/issues-briefs/deforestation-and-forest-degradation>

<sup>13</sup> <https://www.unccd.int/actions/global-land-outlook-glo>

<sup>14</sup> <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>

<sup>15</sup> <https://www.drawdown.org/solutions>

<sup>16</sup> <https://global.nature.org/content/beyond-the-source-report>

<sup>17</sup> See <https://infoflr.org/sites/default/files/2017-12/2017-060.pdf>, and more specifically in Costanza, R., et al. (2014). 'Changes in the Global Value of Ecosystem Services.' Global Environmental Change 26

solutions will improve family nutrition, strengthen climate resilience through crop diversity, improve rural incomes, and store as much as 90 gigatons of carbon annually,<sup>18</sup> almost 40 percent of the CO<sub>2</sub> mitigation needed through 2030 to hold warming below 2 degrees.<sup>19</sup>

UNDP will contribute to the global restoration goal of 350 million hectares of deforested and degraded lands by 2030<sup>20</sup> and will support the conservation and sustainable management of another 500 million hectares by 2030, with an emphasis on land that can achieve multiple development and climate dividends. UNDP will restore and transform 100 million farms through integrated approaches in agroforestry and regenerative agriculture, while drastically reducing deforestation of natural forests. UNDP will also ensure bold NDC actions that help accelerate these goals, including for example the creation of government and community-managed protected areas; ecosystem restoration on community, private and government-owned lands; and the creation of rural agricultural incentives.

Recommendations for GCF to consider in this regard:

- The GCF should scale up the opportunities to implement nature-based solutions for climate mitigation and adaptation. Protecting and restoring forests, peatlands, mangroves and other carbon-dense ecosystems, is one of the most efficient means of avoiding greenhouse gases and sequestering carbon. The costs of such action are estimated conservatively at around 33 billion dollars annually, or less than .005 percent of global GDP – technically an inconsequential rounding area. Nature can provide more than a third of our global climate mitigation solution, but it receives only 2% of climate mitigation finance globally and is represented in only a fraction of NDC plans for climate mitigation. This needs to change, and the GCF is perfectly positioned to accelerate investments into the protection and restoration of forests, mangroves, peatlands, grasslands and other carbon-dense ecosystems by underwriting investor risk.
- There is also an urgent need to investment in sustainable and regenerative agriculture. Land use change and agriculture currently contribute nearly a quarter of our global greenhouse gas emissions. But transforming our food systems can radically revise our global carbon budgets – soil is one of the most efficient ways to store carbon in the ground, and all it requires to do so is a few inexpensive tweaks in how we grow our food, through practices such as no-till crops, composting and cover crops. GCF investments can help trigger these simple but profound changes in agriculture and alter our global carbon equation.
- GCF is also well positioned to support addressing a fundamental challenge that comes with the dominant resource intensive economic model and the continuously increasing energy demand fueled by economic growth that is driving everything. Instead on how to meet the growing demand with different technologies, GCF could put a greater focus on resource efficiency. That means promoting investments that enable the countries to decrease energy consumption (while maintaining the standards of living) and supporting the countries to shift into less resource intensive way of living and producing.
- Finally, since 2008, UNDP has been supporting countries with readiness for the ‘REDD+’ mechanism under the United Nations Framework Convention on Climate Change (UNFCCC). UNDP has supported over 50 countries with REDD+ readiness and implementation over the last 10 years. Through this inclusive and highly consultative national REDD+ readiness process, countries have developed National REDD+ Strategies or action plans which lay out a series of policies and measures to address the drivers of deforestation and forest degradation and barriers to enhancement of forest carbon stocks, forest conservation and sustainable forest management. These National REDD+ Strategies pursue the same paradigm shift objectives as the GCF. UNDP is requested by the countries to support preparation and implementation of

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<sup>18</sup> [www.drawdown.org](http://www.drawdown.org)

<sup>19</sup> <https://www.pnas.org/content/114/44/11645>

<sup>20</sup> <http://www.bonnchallenge.org/content/challenge>

actions to climate change, including projects seeking GCF funding. Many countries still need support to complete UNFCCC requirements to access result-based payments. The GCF has committed to provide finance to countries for all phases of REDD+: Phase 1 (readiness and capacity building), Phase 2 (investment and implementation), and Phase 3 (results-based payments). These efforts generally require grant funding to further support capacity building. GCF could increase efforts to recognize the programmatic value of National REDD+ Strategies as outlined in the Guidance on GCF support for the early phases of REDD-plus ([GCF/B.17/16](#)). Specifically, closer GCF involvement and a dialogue about the ways in which GCF can work with countries and AE ensure that national REDD-plus strategy/action plans can be converted into concrete funding proposals would be helping to streamline the REDD+ efforts.

### **Ambitious resource mobilization through the Fund's First Formal Replenishment**

UNDP would like to emphasize the importance of the GCF as a key financing vehicle to achieve Agenda 2030 and is looking forward to the successful replenishment and continuous cooperation in helping the countries to change their development paradigm. UNDP remains committed to support GCF during its replenishment period through broader dissemination and visibility of lessons learnt in the implementation of the first set of GCF projects.

UNDP aims to support all countries which approach UNDP with a request for assistance equally. As GCF communicated on its website, funding resources during the GCF first ever replenishment have been limited. This has increased the uncertainty among the countries which have already submitted or were planning to submit their request for funding to GCF with respect to the likelihood of accessing these resources in 2018, 2019 or in the subsequent years. Prior to future replenishment periods, GCF could engage countries as well as accredited entities earlier on with a clear outline of the funding that remains available.

Recommendations for GCF to consider in this regard:

- A replenishment strategy should emphasize that scarce public finance must be better designed to catalyse far larger amounts of private finance. Data indicates that current approaches are not working. The average leverage ratios of most public finance projects remain low, particularly in the infrastructure sector.<sup>21</sup> Critically important risk mitigation instruments that offer much higher leverage ratios than “plain-vanilla” loans or grants – such as guarantees – are still a very small percentage of the climate finance portfolio.<sup>22</sup> Opportunities exist to scale-up incentive-based approaches such as results-based payments, and promote new innovation around green bonds, Fintech solutions and securitization and aggregation of small-scale low-carbon assets. Special attention needs to be given to those countries, regions, communities and people that are currently left out, including in the advancement of decentralized energy and clean-cooking solutions.<sup>23</sup>
- The GCF provides the opportunity to simultaneously achieve many of the Sustainable Development Goals. By aligning investments to our broader global goals of eradicating poverty, strengthening water security, and buffering humanity from extreme storms and weather, we can achieve far more than just climate resilience and mitigation. For example, UNDP is implementing a 29 million-dollar coastal resilience GCF grant in Vietnam, whose coasts are home to 30 million people who live with twice the rate of poverty as the national

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<sup>21</sup> See <https://www.odi.org/publications/11303-blended-finance-poorest-countries-need-better-approach>

<sup>22</sup> SEE GCF portfolio by financial instrument at <https://www.greenclimate.fund/what-we-do/portfolio-dashboard> - Guarantees are currently 2% of the GCF portfolio

<sup>23</sup> [https://sustainabledevelopment.un.org/content/documents/18041SDG7\\_Policy\\_Brief.pdf](https://sustainabledevelopment.un.org/content/documents/18041SDG7_Policy_Brief.pdf)

average. Investing in coastal resilience – in mangroves, seagrass beds and coral reefs – will not only protect communities from storms but will significantly improve fisheries and strengthen food security in the region. Similarly, investing in rural renewable energy can create livelihoods, strengthen food security and reduce food loss, while investing in forest restoration can strengthen water security, provide habitat for biodiversity and generate sustainable livelihoods

- Tackling operational bottlenecks and capacity: UNDP appreciates the strong working relationship with the GCF Secretariat in supporting countries to prepare their GCF projects for Board and subsequent implementation. However, UNDP – and many of our sister UN agencies – continue to face high transaction costs in the GCF project cycle ranging from case-by-case fee negotiations for each project to inconsistent applications of policies and templates across projects. There is an immediate opportunity for the GCF to further improve their operational capacities and coordination across different divisions.
- Risk-taking to catalyse innovation and scale: The GCF would clearly state its willingness to take on higher levels of risk in its investments, and test changes to its business model in order to better catalyze innovation, replication and scale. This would include exploring use of a more diverse range of instruments, potential new investment vehicles and expanded access modalities and partnerships to maximise engagement with the private sector. The GCF could also examine its part in supporting technology innovation and deployment.