

**Walter Schuldt Board Member and Ignacio Lorenzo Alternate Board Member from the GRULAC constituency on behalf of the governments of Argentina, Brazil, Ecuador and Uruguay on the Strategic Plan for the GCF 2020-2023**

The Board Members and Alternate Board Members representing the governments of the following countries of the GRULAC constituency, Argentina, Brazil, Ecuador and Uruguay, welcome the opportunity to submit their views on the Updated Strategic Plan for the GCF 2020-2023 contained in document GCF/B.24/Inf.01, without prejudice to the observations that could be made on future documents.

We acknowledge and appreciate not only the efforts made by the Secretariat in the preparation of this document, which captures a comprehensive programming, operational and institutional action agenda for the next four years, but also the inputs provided by all Board Members.

Specific Comments

**Regarding the GCF Theory of Change:**

We welcome the GCF Theory of Change for how GCF can work with its partners to more urgently and impactfully respond to its paradigm-shifting mandate. We agree that there is a long term view of promoting a paradigm shift and supporting developing countries in the implementation of the objective and goals of the UNFCCC and the Paris Agreement. We also believe that a more operational definition of “Paradigm Shift” should be discussed, including aspects such as innovation, the appropriate national circumstances, scope and context for such a shift.

**Regarding Programming a Balanced Portfolio:**

We have noticed that paragraph 23 (c) proposes: *“Seeking geographic balance and a reasonable and fair allocation across a broad range of countries while maximizing scale and transformational impact”*.

With the aim of ensuring transparency in the pipeline management, enhancing a balanced distribution in grant equivalence among regions and ensuring access to all financial instruments to all developing countries, we would like the actual balance of IRM to be included in para 23 (c) as well as specific information regarding the geographic balance by themes and financial instruments included in the report. Under the IRM, LAC received only 23% of GCF resources, while Africa received 42%, followed by Asia-Pacific (30%). The above mentioned information should consistently be incorporated and made visible in the GCF website and regular Portfolio and Pipelines reports to the Board.

**Regarding the Strategic Goals for 2020-2023:**

We have also noticed that paragraph 27 (d) establishes an *“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”*.

In this regard, we are of the view that this proposal is not in line with the UNFCCC and the Paris Agreement, nor with paragraph 52 of the Governing Instrument, affecting ultimately the appropriate geographical balance cited in paragraph 23 (c), and the inherent right of the Latin American Region to access to financing for adaptation. Because of this, we propose the following language, based on paragraph 52 of the Governing Instrument and Decision B.06/06, in line with the legal requirements set by the GCF Board:

“Aiming for a floor of 50 per cent of the adaptation allocation for particularly vulnerable countries, including SIDS, LDSs and African States”

**Regarding enhancing the role of the private sector in supporting climate change adaptation:**

While we agree on the importance of the private sector investment in adaptation and resilience projects and programs, we believe that it would be useful to build and showcase private sector engagement in climate change solutions, particularly in adaptation and in accessing to GCF resources, given that a stronger engagement of the national private sector is needed to access the GCF, the Fund could be of great support in building capacities for this. We also reaffirm that the primary flow of GCF investment in adaptation should be in the form of public grants for all developing countries that are particularly vulnerable to the adverse effects of climate change. We also consider that the transparency of the information regarding the process to access funds from the GCF through the PSF, should be enhanced and made available to all the UNFCCC Parties.

**Regarding Policies and Governance:**

- We support the closure of remaining investment policy gaps related to concessionality and incremental and full cost methodologies with the aim of further clarify the application of the GCF investment framework. In addition, we also consider necessary to adopt guidelines to determine in which cases decisions may be adopted without a Board meeting, and the mechanism for such adoption.
- We also support the need to increase the efficiency of the Board and increase the delegation of authority to the Secretariat, where appropriate. Nevertheless, we believe that such delegation should be strictly confined to the power allocated and follow strict compliance with the Governing Instrument and subsequent GCF Board decisions.
- We request more detailed information on how the GCF will collaborate with other global climate finance institutions.
- We welcome a four-year Workplan of the Board for 2020-2023

**Regarding Accreditation:**

- We are not in favor of establishing a specific cap on the number of AEs suggested in paragraph 39 (a)
- We believe that streamlining the accreditation process should be a key priority during this period, and ensure that at least one National Direct Access Accredited Entity is accredited by developing country during GCF-1
- We are of the view that once the accreditation is granted to an entity, a follow-up process should be established to ensure that after a reasonable period of time, such entity is engaging with the GCF mechanisms. The objective of such follow up will be to incentivize the presentation and implementation of projects, the capacity building of new entities, the promotion of climate change actions among local, regional and international stakeholders, and ultimately the mobilization of additional funds for climate action.
- We consider that the Project Specific Assessment Approach (PSAA) should be operationalized as soon as possible

**Regarding DAEs:**

- A special focus should be given to DAEs, especially in terms of capacity building, and collaboration between IAEs and DAEs should be sought
- To prioritize the approval of at least one DAEs in each developing country
- To approve a project-based accreditation modality for DAEs
- To continue building capacities on climate rationale and climate finance among NDAs and DAEs for exchanging challenges and good practices;
- To also continue building capacities on climate rationale and climate finance among NDAs and DAEs for the development of strong transformational projects
- To waive the track record needs regarding ESS and Gender policy implementation of DAEs to be accredited, in cases where such DAEs have already adopted such policies in alignment with GCF throughout Readiness Support. Implementing GCF funded projects could be an excellent approach to develop such track record and strengthen such policy's implementation
- To organize regional meetings among national entities which are in the process of accreditation as DAEs for exchanging challenges and good practices
  
- To facilitate capacity building or good practices exchange on blended finance among NDAs and DAEs

Regarding paragraph 27, *“f) significantly increase funding channeled through direct access entities (DAEs) to [X per cent of projects/funding];*

We are of the view that a 30% floor should be allocated, the current 15% share of Direct Access finance is absolutely insufficient taking into account that Direct Access is a key access modality recognized in the Governing Instrument.

**Regarding the Project Preparation Facility and Readiness Programme:**

- We reinforce the need of greater integration of the PPF and the Readiness Programme. In addition, given that the quality of projects demands substantial investments with countries and entities, we believe that focusing on improving the capacities of DAEs to deliver high quality projects is a key in order to optimize the project pipeline development.
- We believe of the importance of promoting regional readiness projects, which includes the skills and knowledge for the preparation of regional funding proposals.
- We consider that is necessary to create a mechanism to improve the communication and coordination between NDAs, DAEs, the GCF and implementing agencies, when dealing with regional funding proposals.

**Regarding consolidating Institutional Capacities:**

- Paragraph 86 (ii) proposes “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”. We believe that the Board should not be charged with extra work. The Secretariat and the Legal Adviser should work in a more flexible P&I Agreement negotiation, which will facilitate negotiation with developing countries.