

## ANNEX I: Mid-term goals – Analysis to inform Board consultations

1. This analysis has been prepared to support further Board consultations on DRF.01 of the updated Strategic Plan for the GCF: 2024-2027, and in particular on the mid-term goals for climate results. On the basis that the proposals included in DRF.01 are not exhaustive and expressly designed for further discussion by the Board, this annex provides background material related to how proposals were calibrated with reference to the factors discussed by the Board at B.34, namely: (a) commitments expressed by developing countries in their NDCs and other climate plans, as updated through the Paris Agreement ambition cycle; (b) measurability based on GCF's results frameworks; (c) achievability based on GCF organizational capabilities/the capabilities of its partnership, and informed by portfolio programming to date; and (d) just system transitions and sectoral pathways toward UNFCCC/Paris Agreement goals.
2. The **analysis of NDCs** is based principally on the UNFCCC *NDC Synthesis Report*<sup>1</sup> and the *First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*<sup>2</sup>, which report (i) the number of NDCs which target specific sectors/intervention areas, and (ii) the number of needs identified by developing countries, with costings where available. The Secretariat also looked into various sector-specific analyses of NDCs. In undertaking these investigations, the Secretariat found that there are still significant data gaps around: (i) the climate results targeted by NDCs and other national climate plans overall, beyond total GHG reductions or sectors targeted, because targets and actions tend not to be expressed in aggregable form; and (ii) disaggregated information on developing country NDCs. This made it difficult to use developing countries' NDC ambitions as a reference point for setting specific GCF mid-term goals. This is a knowledge gap of significant relevance for GCF, which the fund may consider taking steps to address for the future.
3. The analysis of **global pathways** identifies any 'widely shared' goals, milestones or pathways for different mitigation and adaptation programming areas that the GCF could contribute to via its mid-term goals, in the absence of having good clarity on the climate results targeted by NDCs. The table shows that these exist and are highly relevant for some areas, while in other areas there are either no goals/pathways or these are still under development.
4. The analysis of **feasibility and measurability** draws on GCF portfolio and pipeline data to present a picture of how much GCF has already programmed in various areas, with associated country coverage and results, as well as the potential that exists in the current pipeline of concept notes and funding proposals. This provides a basis for projecting results potential and assessing the achievability of proposed goals. The proposed goals are cumulative and therefore designed to capture historical results plus future results potential through to the target dates. The pipeline data has also been used to provide an initial indication of what *changes* in pipeline origination and programming may be needed to meet proposed goals (eg either scaling up origination efforts, or managing excess pipeline). Finally, this column includes notes on how progress toward proposed goals could be measured.
5. Finally and importantly, the **resourcing hypothesis** presents a hypothetical resourcing scenario, including indicative shares of resource allocation across different programming areas, that has been used to calibrate the ambition level of proposed goals. For the purposes of this exercise the Secretariat has used a 'BAU+growth' scenario based on having USD 15 billion to commit through to 2027, and a cumulative USD 25 billion to commit through to 2030. Under an 'Accelerated' scenario where GCF has USD 20B to commit through to 2027, the fund could

<sup>1</sup> <https://unfccc.int/ndc-synthesis-report-2022>

<sup>2</sup> <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>

accelerate many of the 2030 goals to achieve deeper results sooner. Under a 'Flat' scenario where GCF resourcing remains at current levels, delivery would be delayed, and GCF would only achieve 2027 goals by 2030, and 2030 goals by 2035. In sum, rather than setting different goal levels for different resourcing levels, the working hypothesis is that the pace at which GCF would be able to deliver its mid-term goals would be based on the extent to which resourcing is accelerated or deferred. The resourcing hypothesis shows only GCF finance, but the calculations build-in assumed levels of co-financing based on track record.

6. The resourcing hypothesis also shows *indicative shares of resourcing allocations to each programming area*. Each programming area covers one or more mid-term goals; it is also assumed that each programming area will include some programming not directly associated with any of the mid-term goals, but which respond to other country-driven priorities. The indicative allocation shares are not designed to be precise, but do seek to illustrate how resourcing will need to move in line with any mid-term goals agreed by the Board in order to support their delivery. This column also includes notes on other initial assumptions related to capacity for delivery, including in relation to the use of origination modalities, anticipated number of funding proposals and scale, and whether or not the GCF currently has partners with the requisite capacities for delivery or will need to pursue these through accreditation or PSAA.

7. The Secretariat is prepared to build on this analysis as Board consultations progress, in terms of both: (i) further refining the analysis on mid-term goals (ii) expanding the analysis to cover implications of the mid-term goals and programming objectives for the investment framework allocation parameters and accreditation, including where trade-offs may arise; and (iii) providing deeper analysis of resourcing and capacity considerations.

	Proposed GCF mid-term goal	Analysis of NDCs	Global pathways	Feasibility and measurability	Resourcing hypothesis
<b>By 2027:</b>					
<b>Climate investment capacity</b>	<b>Every developing country will have the essential capacities to translate their NDC, AC, NAP or LTS into a climate-evidence informed, country-owned climate investment plan and pipeline of climate investments</b>	<p>Almost three quarters of countries identified capacity-building as a prerequisite for implementation of their NDCs.</p> <p>These included capacity building for formulating policy, integrating mitigation and adaptation into sectoral planning processes, accessing finance and providing the information necessary for clarity, transparency and understanding of NDCs.</p> <p>Compared with previous NDCs, more countries listed capacity-building needs specific for adaptation.</p>	<p>2030 is the target date for the vast majority (92%) of NDCs. A global stocktake will be held under the Paris Agreement ambition cycle from 2027-28 so this will be a key checkpoint to examine capacities for/progress in NDC implementation.</p>	<p>RPSP is already supporting these outcomes for 141 countries but on an ad hoc basis, more structured targeting of support to NDC/NAP/LTS implementation gaps would help meet this goal. Progress could be measured through a simple index based on (i) capacitated NDA (ii) climate investment coordination mechanism (iii) access to climate information &amp; risk/ vulnerability assessments (iv) climate investment plan.</p>	<p>Objective 1 overall will be delivered principally through RPSP, estimated between USD 500-700m to 2027 based on historical programming, plus potential for increased utilization and addition of DAE window (subject to Board approval of revised RPSP strategy)</p>
	<b>Double the number of DAEs will have built the climate investment capacities to start programming approved public and private sector funding proposals</b>		<p>N/A – GCF and climate funds specific</p>	<p>To date, 29 DAEs have approved FPs with GCF. The annual rate of programming with first-time DAEs has varied from 2 to 6 per year, averaging at 3.6. Reaching this goal by 2027 would require 6 new DAEs to secure approved FPs per year. There are 43 DAEs already accredited that have not yet programmed with GCF, of which 39 have active CN/PPF/FPs. Progress will be measured by DAE count.</p>	<p>Matching levels of uptake by countries and strengthened coordination of capacity for readiness delivery (GCF, delivery partners, contracted firms/experts, other capacity building partners) would be needed to meet these goals</p>
<b>Innovating climate solutions</b>	<b>Over 50 new incubators or accelerators will be established to promote innovation of climate solutions in developing countries</b>	<p>According to the UNFCCC, of the 70 estimated climate technology incubators and accelerators, only 25 are in developing countries.</p> <p>In their NDCs, 30% of countries included information related to technology innovation and research and development. 37% of identified measures</p>	<p>Supports wider systems transition pathways (see below)</p>	<p>Based on approved portfolio and current pipeline, one funding proposal may support 2-6 incubators/accelerators, and allocate funding for more than 100 startups or MSMEs. Assumes use of a PSF RfP to generate an expanded pipeline, particularly for regions not covered by current pipeline FPs. Measurement will require supplementary results tracking via tagging of related FPs.</p>	<p>Based on up to 10% of programming for Objective 2 overall, including:</p> <p>USD 200-300m for incubators and accelerators RfP, 10 FPs</p> <p>USD 500-700m for early-stage growth mechanisms for MSMEs, 10 FPs</p>



	<p><b>Over 1000 start-ups and MSMEs will have enhanced access to seed and early-stage capital, with a focus on adaptation and universal energy access</b></p>	<p>were multisectoral, followed by 15% in agriculture.</p>		<p>Based on approved portfolio and pipeline, one early-stage growth mechanism may support several dozen MSMEs, and one incubator/ accelerator may support 100 or more startups/MSMEs. Assumes a PSF focus on growing related pipeline, focused on business models for adaptation, ecosystem-based approaches and universal energy access. Measurement will require supplementary results tracking via tagging of related FPs.</p>	<p>Balance available for other innovation programming.</p> <p>Assumes active PSF engagement to expand pipeline in line with private sector strategy, including RfPs and targeting additional partners with relevant delivery capabilities</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Resilience to urgent climate threats</p>	<p><b>Every developing country will be protected by basic early warning systems, including all SIDS, LDCs and African States</b></p>	<p>Of adaptation components in NDCs, 55% described measures for enhancing EWS and disaster risk management. These countries identified 176 needs on disaster prevention and preparedness for adaptation, for an estimated cost of \$66 billion.</p>	<p>UN Secretary General / WMO goal to ensure every person on earth is protected by early warning systems within five years (2027) for targeted investments of USD 3.1 billion. Most significant gaps are in SIDS, LDCs and Africa.</p>	<p>GCF has already financed over USD 650 million in CIEWS, and has an active pipeline of around USD 1.5 billion. The fund is well positioned to make a significant contribution to the UN/WMO goal with potential for enhanced impact through improved coordination with the EWS for All steering group, using the proposed EWS index to better tailor investments depending on country context &amp; needs and measure progress.</p>	<p>Based on at least 20% of programming for Objective 3 overall (USD 5B to 2030), including:</p> <p>USD 1.7-2.1B to cover 87 countries on CIEWS (to 2027), 20+ FPs; assumes ability to roll out replicable SAP fast-tracking packages and also several multi-country/regional FPs</p>
	<p><b>Vulnerable communities in more than 20 of the most at-risk countries will have access to devolved financing for locally-led adaptation</b></p>	<p>Most countries (80%) included an adaptation component in their NDC, with higher coverage in new/ updated NDCs. The top five adaptation priorities were freshwater resources; food security; terrestrial and wetland ecosystems; key economic sectors and human health. Around 30% of countries with an adaptation component described the role of indigenous peoples and local communities, and 20% elaborated on the role of local communities in climate action</p>	<p>IPCC estimates that 3.3-3.6 billion people – over 40% of the world’s population – are highly vulnerable to climate change because of the location and circumstances in which they live. In all regions, but particularly SIDS, climate and weather extreme are and have the potential to drive displacement of populations</p>	<p>Over two-thirds of GCF adaptation financing is being directed to particularly vulnerable countries. Within this GCF has approved a number of FPs that establish devolved financing or ‘enhanced direct access’ mechanisms designed to channel resources to affected communities for locally-led action. Recently approved FPs show the potential for this modality to reach large shares of the population in SIDS, as well as provide accelerated, delegated access to financing for micro projects. This approach has significant potential for replication although origination efforts are needed to promote pipeline development. Progress will be measured by country count; share of population could also be reported.</p>	<p>USD 400m for 20 devolved financing/EDA FPs (to 2027); assumes dedicated origination efforts and willingness for uptake by qualified partners with scope for on-granting/lending, particularly DAEs (currently around 70 AEs/40 DAEs)</p> <p>Balance for other programming targeting urgent vulnerabilities</p>

By 2030-2035:					
Coalitions for just system transition	<p><b>Just energy transition – over three quarters of developing countries will be supported to advance on a pathway toward reaching a global share of at least 65% zero-carbon energy in electricity generation, universal access to clean energy and accelerated decarbonization of hard-to-abate sectors</b></p>	<p>The vast majority (92%) of countries NDCs include energy supply as a priority for mitigation, as well as renewable energy generation (88%). 44% highlight the importance of adaptation in the energy sector as well. These countries identified 781 needs related to the energy sector, with costed needs amounting to USD 640B. Countries also identified 91 needs on industry and 253 needs on transportation, with costings at USD 218B and USD 1016B respectively.</p>	<p>The UN, IEA and IRENA have set various pathways for energy transition, which for 2030 aim for: (1) over 65% zero-carbon sources in electricity generation, or tripling global renewable power capacity (2) universal access to electricity and clean cooking (currently 800m/2.6B without) at a cost of USD 40B per year (3) electrification of end-use sectors (4) new clean technologies for industry (eg hydrogen and CCUS) demonstrated at scale, requiring increase from USD 1B to 40B investment (5) annual investment in grids expands from USD 260B to 820B (6) battery production leaps from 160 to 6600GWh</p>	<p>GCF has already invested almost USD 3B in energy generation and access in over 100 countries, reaching almost 50 million beneficiaries. This its most programmed results area to date, through the share declined from IRM high of 32% to 16% in GCF-1. The active pipeline is currently just over USD 3B for energy generation/access, transport, energy efficiency and industry combined. This goal is designed for GCF to further build its contribution, by reaching another 15-20 countries to: (i) advance the goal of universal clean energy access by 2030 with a focus on hardest to reach, (ii) invest where GCF has comparative advantage in financing developing countries' energy/industry transition needs (eg de-risking demonstration projects, market creating investments for green hydrogen, etc). These results will not all be the same/aggregable given differing needs/market maturity. GCF will seek complementarity with other sources of finance and focus on de-risking private sector. Progress measured by country count; also reporting IRMF indicators on GHGs and RE capacity/generation</p>	<p>Based on at least 45% of programming for Objective 4 overall (all transitions) (USD 11B to 2030), including:</p> <p><b><u>For just energy transition:</u></b></p> <p>USD 1.5-2B for de-risking energy transition or expanding energy access in 15-20 countries, 15-20 FPs</p> <p>USD 500m for green hydrogen, 5-10 FPs</p> <p>Assumes active pipeline management to focus on best-fit investments for GCF; potential for wider coverage subject to resourcing</p>
	<p><b>Just infrastructure transition – systemic infrastructure resilience planning will be in place in at least a third of developing countries, with a focus on SIDS, LDCs and African States</b></p>	<p>Just over half (55%) of countries NDCs identified infrastructure as a priority for adaptation. Countries identified a total of 162 needs for buildings and infrastructure, two thirds of which were for adaptation purposes, at a costing estimate of USD 20.5B</p>	<p>The World Bank/OECD have estimated that over USD 6 trillion in infrastructure investment is needed each year to 2030 to achieve global growth expectations, particularly in developing countries. It is estimated that on average, investing in resilience increases project costs by 3%, but can provide economic benefits of as much as 4 dollars for every dollar spent.</p>	<p>GCF is collaborating with Jamaica, the Coalition for Climate Resilient Infrastructure and partners to pilot a methodology for systemic infrastructure resilience planning, which uses a combination of climate/economic risk mapping, infrastructure re-pricing and green/grey solution selection tools. The project pipeline also includes several FPs demonstrating resilient critical infrastructure as an asset class. This goal would promote aggressive replication of these types of approaches to bridge the resilient infrastructure gap and shift infrastructure finance in developing countries. Progress measured by country count; also reporting IRMF indicators on beneficiaries and value of physical assets</p>	<p><b><u>For just infrastructure transition:</u></b></p> <p>USD 25-50m via RPSP to 2030, for up to 50 countries supported on systemic resilience planning, with focus on interested SIDS, LDCs, African States</p> <p>USD 500-800m for 5-10 FPs, 50 countries to demonstrate resilient infrastructure as an investable asset class</p>



<p><b>Just food systems transition – more than a quarter of the world’s 500+ million smallholder farmers will be able to adopt low-emission climate-resilient agricultural practices</b></p>	<p>Around three quarters (77%) of countries’ NDCs identify agriculture as a priority for mitigation and 84% for adaptation, with 86% prioritizing measures for adapting food systems and ensuring food security. Countries identified a total of 603 needs on agriculture, the majority in adaptation space, for a costing of USD 114B.</p>	<p>The SDGs, Food Systems Summit &amp; Systems Change Lab identify food systems goals for 2030 including: (1) doubling the productivity and incomes of small-scale food producers (2) ensuring sustainable food production, implementing resilient agricultural practices, and boosting nature-positive production (3) decreasing food loss by 50% (4) reducing global GHG from agricultural production 22%. FAO estimates there are over 500 million smallholder farmers globally</p>	<p>GCF has already invested over USD 1B in agriculture and food security projects in 72 developing countries, reaching 140m total beneficiaries/~35m smallholder households. The active current pipeline is around USD 1.5B oriented predominantly toward promoting resilient agro-ecology and reconfiguring food systems. 90% of interventions under all agricultural sector pathways would be expected to contribute to this goal. Continuing to scale up programming in this area would allow GCF to contribute to one of the top priority adaptation areas identified in developing countries NDCs, with cross-cutting benefits. Progress would be measured using the IRMF beneficiaries indicator aggregated to smallholder household level.</p>	<p><b><u>For just food systems transition:</u></b></p> <p>USD 2-2.5 billion to reach an additional 400m beneficiaries / 100m smallholder farmer households, cumulatively reaching around 25% of global need, 50+ FPs</p> <p>Assumes FPs are of significantly larger scale than IRM/GCF-1 average (20m), and GCF can partner with wider range of entities able to programme at scale</p>
<p><b>Just ecosystems transition – Over 100 million hectares (Mha) of terrestrial and marine ecosystems conserved and over 200 Mha restored or brought under sustainable management</b></p>	<p>Around 80% of countries identified LULUCF as a priority for mitigation as well as adaptation, listing efforts to protect terrestrial ecosystems and forests. Some 32% listed ocean ecosystem sustainability as a priority for adaptation. The numbers of needs identified for adaptation on ecosystems and biodiversity was 149, with costed needs of USD 48B. Countries identified 346 needs on forestry, the majority for mitigation, with costed needs at USD 52B. Data in NDCs shows that needs related to reforestation are the largest in financial terms.</p>	<p>The 30 by 30 challenge set a goal of conserving at least 30% of the earth’s land, sea and freshwater ecosystems by 2030</p> <p>The Bonn Challenge and New York declaration of forests set a goal of restoring 350 Mha of degraded and deforested landscapes by 2030</p> <p>The Kunming-Montreal Global Biodiversity Framework adopted 2030 goals of, among others, effective conservation and management of at least 30% of the world’s lands, inland waters, coastal areas and oceans; having restoration completed or underway on at least 30% of degraded ecosystems; and reducing to near zero loss of areas of high biodiversity importance</p>	<p>GCF has already invested over USD 1B in ecosystems and ecosystem services FPs in 79 countries, and over USD 1.5B in forests and land use in 80 countries, restoring over 13 Mha and bring over 26 Mha under improved management. The ecosystems and forests programming areas grew from 8% and 10% of programming respectively during the IRM, to 12% and 17% of programming during GCF-1, reflecting the growing emphasis and potential of ecosystem-based approaches in providing cross-cutting climate solutions, and the criticality of forests to mitigation efforts in developing countries. The active current pipeline is over USD 3B covering conservation, restoration and improved sustainable management (the latter predominates targeted pipeline results), demonstrating the potential for programming growth. Progress for this goal would be measured using IRMF hectares, beneficiaries and GHG indicators.</p>	<p><b><u>For just ecosystems transition:</u></b></p> <p>USD 1.25B for conservation (\$25/ha), USD 2.2-2.6B for natural regeneration &amp; restoration (\$100-1500/ha), USD 1.2B for sustainable management (\$12/ha), assuming 1:1 co-financing, 50+ FPs</p> <p>Assumes FPs are of significantly larger scale than IRM/GCF-1 average (20-30m), and GCF can partner with entities able to programme at scale</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Greening finance</p>	<p><b>Over 50 new green banks, green facilities or climate bonds issuances will be created to promote alignment of wider finance flows with low-emission, climate-resilient development pathways</b></p>	<p>2020 data reported 12 countries with operational green banks (3 developing) and 24 countries actively exploring green banks (20 developing)</p>	<p>Supports wider systems transition pathways and shifting the scale of financial flows needed – IPCC estimates USD 1.6-3.8 trillion annually through to 2050 for mitigation, and an additional USD 140-300 billion annually for adaptation</p>	<p>GCF has already invested over USD 3B in diverse FPs related to greening finance in 64 developing countries, through over 300 local financial institutions, as well as in enabling activities through the RPSP. These have included support for establishing green banks, green credit lines, risk-sharing facilities, regulatory frameworks for green finance, supporting exchanges to enable green bond listings, new blended finance instruments, and others. The current active pipeline is over USD 4B for 91 countries, demonstrating the potential for programming growth with highly catalytic potential. Further potential exists through RPSP support for enabling activities. Progress for this goal would require supplementary results tracking by tagging related FPs and readiness proposals.</p>	<p>Based on up to 20% of programming for Objective 5 (USD 5B to 2030), including:</p> <p>USD 20-40m via RPSP to 2030, for up to 40 countries at USD 0.5-1.0m per proposal</p> <p>USD 4B for variety of project proposals, 20 FPs (noting size could vary significantly)</p>
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