

IFAD appreciates the inclusive and transparent review process put in place, and welcomes this type of approach going forward of being able to provide feedback on these types of strategic documents, even prior to their development.

Please find below high level comments and feedback:

- **Structure:** The Strategic Plan for GCF-1 (2020-2023) was subdivided into (i) long-term strategic vision (ii) Strategic objectives building on those of GCF-1, (iii) strategic priorities (iv) operational and institutional priorities. The first three, are very useful for AEs or NDAs, developing their EWP/ Country WP for example, and keeping such structure for the upcoming strategic plan makes sense.
- **Operationalising GCF-2 programming:** responding to the 9 questions, in our view GCF should:
 1. be focussed on paradigm-shift/risk taking (and lesser on average portfolio impact maximising, as the impact target may not properly incentivize programming aimed at paradigm shift or full exercise of risk-appetite). Related to this please ensure to clarify the extent to which paradigm-shifts can be measured in impact assessments.
 2. take into account NDCs, NAPs and related national climate action plans and priorities, in addition to the GCF Country work programmes, as often times the later are issued late in the process, or not issued.
 3. aim to be catalytic (grants) while also leverage-maximizing (loans - PSF share and private finance mobilization targets tend to incentivize higher concessionality and high leverage within the project). Small grants for direct implementation by NGOs/CSOs should be left to AF/GEF; Small-scale seed funding for rapid experimentation with climate innovation to e.g. AF Innovation Facility, Climate Finance Lab. GCF can instead focus on acceleration/scaling of promising innovations that emerge from such initiatives.
 4. be guided by ambitious results (and lesser by ambitious allocations), while being cautious with spreading out ambitious results, as well as focus on stimulating new programming (and lesser on volumes i.e. meeting targets on adaptation).
 5. The approach of highlighting what GCF should do more or less of in view of GCF-2 is welcomed. IFAD took note to “do more” especially: support access to climate info for developing countries/partners to inform FP design and decision making; support climate capacities institutionalisation through DAEs; climate info/EWS via SAP in LDCs/SIDs/Africa; taking risks with innovation (practices, business models, technologies). Priorities – Adaptation/Agriculture: NDC needs analysis has quantified financial needs of 78 developing countries at USD 5.8-5.9 trillion (USD 700B annually) up to 2030, with 60% of needs still to be costed; More adaptation needs have been identified, but are far less quantified compared to mitigation. Qualitative needs analysis shows concentration of mitigation needs for RE, LULUCF and transport; and adaptation needs for agriculture, water, EWS, coastal zone management & health.
 6. de-risking private sector investments in adaptation.
 7. incentivise AEs to work with DAEs, however should not hold funding to meet these DAE targets (currently framed as a volume target) as it means slowing delivery. It should be framed as a goal on expanding DAE engagement instead. GCF should also operate as both a high speed/high volume funder (for AEs) and a patient architecture builder (for DAEs) i.e. a hybrid strategy based on segmentation. To rely on AEs for delivery while also expanding its institutional footprint to prop up implementation for partners who lack capacity (in some cases also DAEs), as this later can be achieved through AE-DAE collaboration and AE supporting DAE capacity building.

8. orientation of GCF project should be demand-driven (not supply driven i.e. dictated by AEs). IFAD support developing countries in achieving their agriculture and climate related priorities, also through supporting them to access GCF funding. Doing this requires ensuring that projects directly contribute to countries' NAPs & NDCs. The following enhancements or adjustments to operational modalities would also be welcomed: (i) moving from co-financing to co-investment approach; (ii) balancing levels of requirements (in AMA vs FAA); (iii) provide clearer guidance when it comes to eligible activities, especially when related to small-scale agriculture and adaptation. We also take note that the GCF is preparing various sectoral guides (e.g. on agriculture, energy, water, etc.) however to avoid silos and taking into consideration that the majority of projects cover a multitude of sectors, please ensure linkages between these sectoral guides, to reduce complexity in FP elaboration processes and provide guidance.
 9. In terms of M&E, an integrated results management framework and tracking tool was foreseen to be developed to report annually on GCF-1 Strategic Plan (2020-2023). The IRMF has been shared but not the tracking tool. We appreciate the transparency of annual progress reports being openly available. IFAD recommends flexibility in terms of reporting when there is co-financing & varying requirements, to avoid doubling the reporting burden on project teams.
- **Commitment authority for GCF-2:** Potential GCF-2 pipeline already stands at over USD 40 billion, including project ideas from country programmes, EWPs, CNs and FPs. It would be good to have an indicative figure of the GCF-2 replenishment target.