

New Zealand's initial inputs on the review and update of the GCF's Strategic Plan for 2024-2027

New Zealand welcomes the opportunity to provide input into the review and update of the Green Climate Fund's Strategic Plan for 2024-2027

Does the GCF's long-term strategic vision – of promoting paradigm shift and supporting developing countries in the implementation of the Paris Agreement and UNFCCC – remain relevant and ambitious? Has the GCF set out sufficiently clearly how it will deliver its long-term strategic vision?

New Zealand considers the GCF's long term strategic vision and its strategic objectives for 2020-2023 remains highly relevant and sufficiently ambitious. New Zealand does not consider the USP requires significant change. Rather, it requires a better connection between vision, objectives and action, along with some adjustments of focus to reflect developments, challenges and lessons learnt since the Fund was established, and the increased urgency and ambition of action required to meet the goals of the UNFCCC and Paris Agreement and respond effectively to the global climate emergency.

What global, regional, national and subnational developments, trends, needs and opportunities relevant to adaptation and mitigation programming in developing countries should the GCF take into account in preparing for its second replenishment period? What lessons can be learned from experience to date?

New Zealand sees the USP as an enabling document that provides flexibility to (re) focus on sectors and themes as necessary, and based on emerging or changing global, regional national and sub-national trends and needs. In this regard New Zealand would welcome further emphasis in the next replenishment period on the following:

- Biodiversity, oceans and nature and the use of nature-based solutions to underpin long-term resilience, including that building on indigenous knowledge and science;
- Mobilizing private finance, in particular seeking innovative solutions to crowd in private finance for adaptation;
- Increased support to averting, minimizing and addressing loss and damage caused by the impacts of climate change including identifying and piloting innovative insurance solutions;
- Actively seek innovative solutions to climate change problems and accepting the risks that come with these innovative solutions;
- Continuing efforts to achieve and retain balance between mitigation and adaptation finance including private finance for adaptation.

The GCF has drawn on a number of lessons learnt over the past 10 years for improving the operations of the Fund. We acknowledge the progress made to date but encourage the Secretariat to continue to reach out to countries, accredited entities, development partners, civil society and the private sector to seek insights into ongoing challenges and enable improvements to the Fund's policies and operations to ensure more effective and impactful use of Fund resources.

We also acknowledge the excellent evaluations conducted by the Independent Evaluation Unit. In this regard we encourage the Board and the Secretariat to consider Evaluation recommendations promptly so that key recommendations can be acted upon quickly.

How should GCF further elaborate its role within the climate finance landscape, in light of its comparative advantages? How should GCF seek to differentiate its focus from other sources of climate finance? Where are the opportunities for complementarity, coherence and partnerships with others?

With an increasingly crowded and complex climate finance landscape it will be increasingly important for the GCF to elaborate its comparative advantage and point of difference.

The GCF has a number of unique features, the full potential of which remains untapped. For example, the GCF has a range of financing modalities at its disposal (grants, loans, equities and guarantees) yet has largely used loan and grant modalities. The use of guarantees can de-risk investments and unlock private finance but only occupies a small portion of the GCF's overall funding. Unless the Fund uses all modalities to their full extent, the Fund's potential (including for innovation and increased risk) will not be reached.

Similarly, the GCF's Readiness and Preparatory Support Programme (RPSP) is a unique feature of the Fund. Its support for transformational long term planning and institutional capacity building has potential benefits that lie well beyond access to GCF resources. We see a strengthened role for the GCF to build collaborative in-country partnerships to mobilise the finance of *all* providers, including the private sector, in partnership with countries. But in doing so, and in order to be most effective, it needs to have a nuanced understanding of the specific context of each country it is operating in and the *specific* challenges they face.

Do the CGF's strategic objectives and portfolio targets capture appropriate ambition for the second replenishment period? How could GCF evolve these in a way that sets clear, actionable, measurable programming goals aligned with its strategic vision?

The GCF's Strategic Objective remain relevant for the second replenishment period. However, the Rapid Assessment of the USP identifies a number of objectives that lack specific indicators for measuring success. New Zealand is keen to see further efforts to quantify these targets so progress can be better assessed (and the outputs required to achieve progress can be better identified and delivered).

Adaptive capacity and resilience is a highly localized and context-specific endeavor. Targets such as the number of beneficiaries, number of women receiving assistance etc, while important, do not necessarily help us understand whether an activity has helped strengthen adaptation to the impacts of climate change in a particular country or community. Understanding and measuring resilience and adaptation at the activity level is key to understanding the GCF's overall contribution to resilience and adaptation globally.

How can the GCF better respond to developing countries mitigation and adaptation needs and ensure country-ownership of programming? What role should the readiness and preparatory support programme, support for national adaptation planning, and country programmes play?

Country-owned programming is an important feature of GCF business model. Through the readiness programme the GCF has the opportunity to strengthen the institutional and planning frameworks that underpin climate action. In this, a nuanced and flexible approach to country support is required, responding to specific country context and capacity and avoiding a "one-size-fits-all" approach.

Better responding to adaptation and mitigation needs not only requires support for country planning eg through Readiness and NAPs but also an uptick in the pace of project and readiness approvals. The slow pace of funding proposal development and approval and the fact that any single country might only receive funding for 1-2 projects every few years, risks the GCF country programmes losing relevance and not delivering transformation across whole sectors or economies at the pace required.

The GCF should consider how to provide predictable, long term programmatic finance for countries. For example, a medium- to long-term *country sector programmatic* approach - whereby funding approval is at a whole of sector level, with specific projects phased over time in support of an overall sector plan - could help ensure predictable long-term finance is available. In turn this would support the paradigm shift required at a country level through building scale, depth and improved sustainability of the programme as a whole.

How should the GCF continue to build its paradigm shifting portfolio through its next programming period? What opportunities for adaptation and mitigation programming, and opportunities to improve the funds programming processes, can the GCF capture?

It is not yet clear the degree to which a paradigm shift is emerging, at country, regional or global level as a result of GCF finance. It will be useful for the GCF to continue efforts to articulate (and measure) paradigm shift and its sub-components (scale, depth and sustainability).

We consider programmatic approaches, underpinned by predictable, long term finance and based on well-developed NAPs, NDCs and investment pipelines (supported by the RPSP) as an essential tool for building paradigm shift at a country level.

Building on its private sector strategy, what actions and partnerships should GCF pursue to catalyze private sector finance at scale?

New Zealand was pleased to see the adoption of the Private Sector Strategy at B32. Crowding in private finance is essential to move from the billions to the trillions of dollars needed to meet the goals of the Paris Agreement. The GCF has a significant role to play in de-risking private investment but needs to make better use of all the financing modalities at its disposal in order to do so.

We see the RSPS is a useful tool to support mobilization of private finance at a local level, being used to support countries to bring the private sector into NAP and NDC development and pipeline formulation and to identify the policy and regulatory frameworks required to enable private sector involvement.

At an operational level, processes need to be fit for purpose and able to respond to private sector timeframes while ensuring that the Fund's policies, standards and guidelines are not compromised (eg Environmental and Social Safeguards, Gender and Indigenous Peoples' Policies).

Consideration of how to support the private sector in countries where the private sector is very small or where the capital base is low is also important. What options exist to engage the private sector, outside the formal funding proposal process? For example through engagement in NAP development/the readiness programme?

What steps can GCF take, in collaboration with its country partners, accredited entities and delivery partners, to ease and accelerate access to GCF resources, as well as strengthen the role of Direct Access entities?

Accelerated access is critical. While the GCF has taken some important steps in simplifying access to the Fund such as the updated Simplified Approvals Process, New Zealand would like to see further improvements. For example, we would support an increased risk level being applied to the SAP to help accelerate access.

The project preparation facility plays an important role in ensuring high-quality applications are received by the Secretariat. This in turn will also accelerate access to GCF resources, through reducing the time required for review and re-work of the application.

Moving away from a project by project approach, to a country-level programmatic approach (as described above) could also improve access and reduce transaction costs. This could include sectoral programmes within a single country with agreed long-term financing to ensure predictability, with sub-projects phased over time in line with country plans.

What enhancements or adjustments to operational modalities, policies or institutional capacities might be required to support successful execution of the GCF's strategic vision and programming priorities?

The Fund needs to remain relevant for all eligible countries. In particular all those involved with the Fund – recipient countries, access entities, donor governments, funding partners including the private sector, and beneficiaries, need to see the Fund as an *effective, efficient, predictable* and *accessible* financing partner that understands and can respond to context-specific needs and priorities, at pace and with a focus on results and impact.

It is critical to learn from and respond quickly to the Independent Evaluations produced by the IEU. These are excellent pieces of work that produce helpful lessons that should be used to help improve access and impact of the GCF.

With regard to governance of the Fund, the rapid assessment of the GCF Updated Strategic Plan identified a number of areas for improvement. Amongst other things it identified the need for greater clarity of the role of the Board and Secretariat in operationalising and implement policies.

We would support a review of the GCF policy framework to support a more streamlined approach to the development and implementation of policies, standards and guidelines (ultimately reducing bottlenecks and improving performance and access to the Fund).

We are also open to considering delegation of greater levels of authority to the Executive Director and the Secretariat. This would be appropriate over the next replenishment period, as the Fund matures and policy gaps are closed.

Similarly, we also consider a review of rules of procedure would be helpful over this period to ensure they remain fit for purpose as the size and scale of Fund resources and operations increases, particularly relating to decisions between Board meetings (eg decisions between Board meetings).

Are the measures for measuring, monitoring and reporting progress towards the GCF's strategic vision, objectives and priorities sufficient, or how could these be strengthened?

Monitoring and reporting results is critically important to ensuring the best use of GCF resources and building and retaining confidence in the Fund. The GCF has taken important steps to improve measuring, monitoring and reporting of progress including through the development of the Integrated Results Management Framework.

It will remain important to ensure the application of indicators of success (such as # beneficiaries, diffusion of technology, transformation, and paradigm shift) reflect the country context particularly SIDS where, for example, the number of beneficiaries may be small but the impact of an activity could be transformative in that context.

Access to results data in a timely manner is critical. A data portal enabling access to real-time data at the project-level, with the ability to collate this at the country, regional, and global level across all indicators and results areas could be useful.