



# Update of the GCF Strategic Plan 2024-27

Introduction of Consultation DRF.01

Technical Session

19 January 2022

## Timeline: recap

- **B.34:** Board discussion on *zero draft*
- **Decision B.34/09:** Timeline for the update of the GCF Strategic Plan 2024-27 agreed; CC summary including *ad referendum draft* setting out an approach to guide the Secretariat in the further development of the update of the GCF Strategic Plan
- **24 December 2022:** *Consultation DRF.01* shared with Board and Active Observers
- **19 January 2023:** Technical session with Q&A
- **To 27 January 2023:** Period for Board and Active Observer consultation on DRF.01
- **20 February:** B.35 publication date; target date for DRF.02 subject to guidance from CC

**Consultation materials :** <https://www.greenclimate.fund/about/stategic-plan/update>

# Introducing DRF.01: Overview



- **Approach:** Build on the ad referendum draft, with a focus on elaborating the mid-term goals and developing a streamlined set of strategic objectives/priorities

## I. INTRODUCTION

- Follows *ad ref* draft: added text on global context; structure & Figure 1 updated

## II. VISION

- Follows *ad ref* draft; substantially condensed compared to *zero draft*

## III. MID-TERM GOALS

- Elaborates proposals for 2027 and 2030-2035 'mid-term goals'
- Context on how the proposals were developed, including factors informing goal/target selection and resourcing hypothesis, set out for background in Annex I

## IV. STRATEGIC PROGRAMMING OBJECTIVES

- Streamlined set of 5 strategic programming objectives for 2024-27
- Focused on setting GCF-2 programming directions aligned with meeting the mid-term goals, and identifying the main actions, modalities and partnerships that will support these

## V. OPERATIONAL / INSTITUTIONAL PRIORITIES

- Core operational goal focused on enhancing access across 5 dimensions
- Streamlined institutional priorities, targeting remaining areas of institutional/capacity evolution

## Section II : Long-term strategic vision



- **Board's strategic vision from initial Strategic Plan is maintained but elaborated to clarify how GCF will support UNFCCC/PA implementation/paradigm shift:**

*GCF envisions that every developing country will be equipped to translate their NDC/NAP/AC/LTS into country-owned, impactful, bankable climate investments, are able to attract an increasing flow of finance and remove barriers to a just transition of energy, infrastructure, food, ecosystems and societal systems in line with pathways to meet UNFCCC/PA goals*

- **GCF promotes paradigm shift by both channeling *and* catalyzing resources:**
  - Patient investments in mainstreaming institutional capacities and building pipeline
  - Exercise of risk appetite to deploy concessional financing for projects that can help unlock pathways to paradigm shift and systems transition
- **GCF seeks to work as an accelerator and amplifier,** building on its relative project ticket size, instruments and risk appetite to play a scaling-up/market creation role, through forging investment collaborations



# PROGRAMMING DIRECTIONS

**Section III. Mid-term goals &  
Section IV. Strategic programming objectives**

## Section III : Mid-term goals for climate results



By 2027

### CLIMATE INVESTMENT CAPACITIES

**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

**Double the number of Direct Access Entities** will have built the climate investment capacities to start programming approved public and private sector funding proposals

### INNOVATING CLIMATE SOLUTIONS

**Over 50 new incubators or accelerators** will be established to promote innovation of climate solutions in developing countries

**Over 1000 start-ups or MSMEs** will have enhanced access to seed and early-stage capital, with a focus on adaptation and universal energy access

### RESILIENCE TO URGENT VULNERABILITIES

**Every developing country will** be protected by basic early warning systems, including all SIDS, LDCs and African States

**Vulnerable communities in more than 20 of the most at-risk countries** will have access to devolved financing for locally-led adaptation

## Section III : Mid-term goals for climate results



By 2030-2035

COALITIONS  
FOR SYSTEMS  
TRANSITION

**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

**Just infrastructure transition** – systemic infrastructure resilience planning will be in place in a third of developing countries, focusing on SIDS, LDCs and African States

**Just food systems transition** – over a quarter of the world’s 500+ million smallholder farmers will be helped to adopt low-emission climate-resilient agricultural practices

**Just ecosystems transition** – Over 100 million hectares of terrestrial and marine areas will be conserved and over 200 million hectares restored or brought under sustainable management

GREENING  
FINANCE

**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



## Analysis : How were the proposed goals identified?



- **Choice of goals will drive programming and results**
  - Goals serve as tangible signal to stakeholders on where GCF intends to focus programming
  - Potential to bring greater transparency/ predictability to GCF programming and help avoid trade-offs resulting from current allocation-based targets
  - Mid-term goals should be aligned with strategic programming objectives to support delivery
- **Goals should speak to GCF's long-term vision, focused on contribution to paradigm-shift**
  - In contrast to focus on impact/efficiency metrics (eg tonnes/\$ or beneficiaries/\$)
  - But no simple task to calibrate GCF's contribution NDCs or transition pathways!
- **Goals proposed with ambitious, 'stretch' targets**
  - "Achievable with effort" – will require deliberate, strategic programming efforts
  - Proposed target levels are cumulative i.e. build on GCF's results to date
- **Scale of resourcing is a critical consideration in calibrating goals/targets**
  - In DRF.01 timescale for achievement of targets varies based on resourcing
  - Aim for 2027 goals within GCF-2, other goals calibrated to 2030 pathways/NDCs



# Analysis : How were the proposed goals identified?



## Analysis : How were the proposed goals identified?



### ➤ Secretariat asked at B.34 to calibrate mid-term goals with reference to, inter alia:

#### 1. NDCs:

- NDC analysis identifies the *number of NDCs* which target certain sectors/interventions, but there is limited data on the results/pathways being targeted by developing country NDCs
- Needs analysis identifies the *number of needs* identified by developing countries, but costings are incomplete and also far beyond the scale of GCF resourcing (reaching into the trillions)

> Mid-term goals have been calibrated against the “concentrations” of needs identified in NDCs, however current NDC analysis provides insufficient data to calibrate target levels

#### 2. Global/sectoral/system transition pathways:

- Secretariat identified wider goals/milestones/pathways established by the global community, where available, to which GCF could “contribute” through its programming

> Mid-term goals have been calibrated against global pathways where available (eg CIEWS, Global Biodiversity Framework, energy transition) with proposed GCF contribution for discussion

## Analysis : How were the proposed goals identified?



### ➤ Secretariat asked at B.34 to calibrate mid-term goals with reference to, inter alia:

#### 3. Achievability / Feasibility:

- Secretariat used GCF portfolio and pipeline data to examine achievability through the lens of GCF's track record/existing portfolio results and the potential in the current pipeline
- Also considered capabilities of partner network, and where enhanced capabilities may be needed

> Proposed target levels for mid-term goals have been calibrated for achievability, based on GCF's track record, pipeline and partnership potential – representing 'stretch targets' that could be achieved through deliberate programming and partner engagement, building on current pipeline

#### 4. Measurability:

- Secretariat examined whether the goals/targets were measurable through the IRMF and/or supplementary indicators

> IRMF will be the basis for measuring progress toward results, however some supplementary tagging will be needed, building on approaches already used in GCF reporting

## Section IV : Strategic Programming Objectives



- Combines bullets from B.34 *ad ref* into 5 programming objectives with sub-outcomes

**OBJECTIVE 1: Strengthening country climate investment capacity**

**1A: Country capacity for climate investment planning**  
**1B: Direct access programming capacity**

**OBJECTIVE 2: Accelerating innovation of new climate solutions**

**2A: Incubating & accelerating emerging climate technologies/practices**  
**2B: Proof of new business models/instruments, NB for adaptation**

**OBJECTIVE 3: Building resilience to urgent climate threats**

**3A: Rapidly expanding coverage of CIEWS & comprehensive risk mgt**  
**3B: Scaling up locally led adaptation action for most vulnerable**

**OBJECTIVE 4: Forging coalitions for just systems transitions**

**4A: Investment collaborations for country-led sector/system transitions**  
**4B: Blended finance for de-risking private sector investment at scale**

**OBJECTIVE 5: Greening financial systems**

**5A: Building financial institutions' capacity to mainstream climate risk**  
**5B: Enhancing access to capital markets for climate investments**

## Section IV : Strategic Programming Objectives



**OBJECTIVE 1: Strengthening country climate investment capacity**

**OBJECTIVE 2: Accelerating innovation of new climate solutions**

**OBJECTIVE 3: Building resilience to urgent climate threats**

**OBJECTIVE 4: Forging coalitions for just systems transitions**

**OBJECTIVE 5: Greening financial systems**

- Streamline the previous “strategic objectives” and “strategic priorities” into a clearer set of programming directions
- Programming objectives are aligned with mid-term goals, but *not exclusively* directed to meeting mid-term goals
- Each objective also identifies *key actions* GCF would take in deploying programming tools/modalities to support delivery – incorporating strategy for deployment of RfPs, SAP and EDA
- Stronger focus on partnerships – GCF will not deliver alone but closely engage partners with complementary capabilities
- Designed at high-level, to operate in parallel with detailed thematic strategies (eg readiness strategy, private sector strategy, accreditation strategy, adaptation guidance etc)

# Analysis: Resourcing hypothesis for programming directions



- Resourcing hypothesis premised on 'BAU+growth scenario' (15B to 2027 and 25B to 2030) and *indicative resource distributions* across programming objectives/goals
- Actual resourcing will determine pace of delivery (could be accelerated or delayed)

**OBJECTIVE 1: Strengthening country climate investment capacity**  
*~ 500-700m via RPSP*

**OBJECTIVE 2: Accelerating innovation of new climate solutions (cross-cutting, majority PSF)**  
*~ up to 10% of programming*

**OBJECTIVE 4: Forging coalitions for just systems transitions (cross-cutting, public and private)**  
*~ 45% of programming, split across energy, infrastructure, food, ecosystems and 'other' programming*

**OBJECTIVE 3: Building resilience to urgent climate threats (adaptation, majority public)**  
*~ at least 20% of programming*

**OBJECTIVE 5: Greening financial systems (cross-cutting, private and public)**  
*~ up to 20% of programming, via RPSP & FPs*

## Analysis: Potential for trade offs – some key choices?



- **Relative investment in RPSP/strengthening climate capacities vs FP programming? Note that some mid-term goals/programming objectives depend on enhanced RPSP support.**
- **Direct Access – focus more on growing *number* of DAEs programming (may be smaller sized projects) or *volume* of DAE programming (may be smaller # of DAEs)?**
- **Balance of programming across sectors/system transitions: traditional portfolio weighting to energy, emerging opportunities in ecosystems/food; where is GCF best placed to focus in light of where other investment activities/initiatives are directed?**
- **Private sector – pursue opportunities for innovation/new market development/catalytic impact (through less likely to draw larger co-financing), or prioritize maximizing mobilization (through likely to lean to more mature/commercial markets/assets classes)?**



## Further analysis of feasibility, trade offs and resourcing implications



- **After consultation input and as directions firm, Secretariat can undertake further analysis:**
  - **Modelling impact of mid-term goals/programming directions on IF allocation parameters**
    - Potential lean toward adaptation and grants (ref: CIEWS goal), otherwise mirror portfolio
  - **Mapping implications for AE network, accreditation and PSAA**
    - Expanded AE engagement needed across areas such as incubators/accelerators, early stage growth, on-granting/lending, programming at scale for food & ecosystems
  - **Modelling resourcing and capacity implications**
    - For FP programming, run projection on expected # of FPs/average project size and complexity/degree of Secretariat support expected; dependent on scale of replenishment
    - For RPSP, resourcing implications should be factored into revised readiness strategy
  - **Unpacking implications for risk profile of portfolio/operations**



# OPERATIONAL & INSTITUTIONAL PRIORITIES

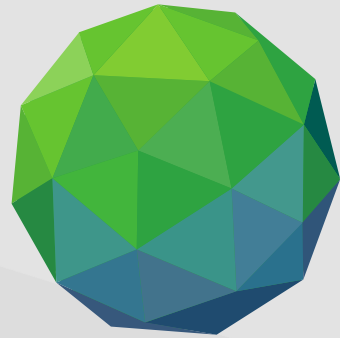
**Section V.I. Operational goal: Enhancing access**

**Section V.II Institutional priorities: Consolidating capacity for delivery**

## Section V : Operational goals & Institutional priorities



- **Per B.34 guidance, operational and institutional priorities streamlined and kept high level**
  - Reflects substantial maturing of GCF operations, policies, processes and systems
  - More detailed KPIs/implementation actions can be elaborated through work planning
- **Operational goals focused on enhancing access across 5 dimensions: speed, simplicity, harmonization, volume and partnerships/direct access**
  - Actions designed to be as specific and measurable as possible, with operational targets where relevant
- **Institutional priorities focused on remaining few areas of institutional evolution needed to consolidate capacity for delivery of the USP-2**
  - Governance and risk management; policies and safeguards; results, knowledge and learning; organizational capacity
- **Section VI sets out arrangements related to implementation, reporting on progress and review of the Strategic Plan**



**GREEN  
CLIMATE  
FUND**