

**UK written submission to Green Climate Fund Secretariat Updated Strategic
Plan 2024 – 2027**
January 2023

Overall assessment:

- **Welcome USP-2-draft.** Draft includes a range of positive elements that Board can build on. Structure of the draft is strong, its more concise, and in line with what was agreed at B.34.
- **Mid-term goals for 2027/30/35 go in the right direction**, with a focus on climate resilience, climate investment capacities, climate solutions, just systems transitions and greening financial systems.
- **Need for greater clarity and ambition on the key shifts this USP will drive**, identifying the *changes* to the GCF it will deliver. In particular, a greater sense of urgency and level of ambition on improving access, on enhancing the GCF's country partnership model and capacity building offer, and on governance. Similarly, further strengthening the adaptation support the GCF provides to the most vulnerable (including LDCs and SIDS).
- **Draft could be clearer on trade-offs/tensions** to be resolved by the Board and the choices to be made about what the Fund will (and will not) focus on during its next period of operation. Linked to this, further clarity on the results to be delivered in different funding scenarios would also be helpful.

- **Some positive aspects of the draft include:**
 - **Strengthened resilience/adaptation support, including for SIDS and LDCs, as well as increased Readiness and Preparatory Support** among the key priorities of the draft, each with dedicated mid-term goals and strategic objectives for 2024-27.
 - **Improving access to GCF** is listed as the top operational priority for 2024-27, incl. some positive suggestions on how to speed-up and simplify access and accreditation.
 - **2.1c/greening financial systems is addressed prominently** (even though Art. 2.1c is not explicitly mentioned), with one of the mid-term goals for 2030/35 and one of the strategic objectives for 2024-27 focussing directly on greening finance.
 - **Emphasis on accelerating clean technology development and deployment** is welcome under objective 2, though further emphasis on the role of the private sector is needed.

- **Building on these positive elements of the draft, there is room for further improvement** in some sections:
 - **On climate resilience**, a more ambitious target on prioritising the most vulnerable is critical, matching or exceeding actual IRM performance of 69% allocated to LDCs, SIDS and African States.
 - **On access**, draft should further increase ambition. A top priority for many members of the GCF Board, there should be a clearer sense in the draft of the urgent need to reduce bureaucracy and the burden on partner countries, looking at all of the GCF's instruments and processes (including accreditation), as well as seeking increased transparency and

predictability. The draft should also give consideration of approaches to actively differentiate support to enable those with least capacity, particularly SIDS and LDCs, to access funding. Stronger propositions on regional presence also very important, as part of efforts to strengthen partnerships, improve access and through greater decentralisation.

- **On project pipeline prioritisation**, the draft should clarify how the GCF might prioritise FPs, reconsidering its “first come, first serve” approach.
- **On governance**, the draft should include a clearer articulation of how improving GCF’s governance structures can strengthen the GCF’s impact and influence. Improving the agility, transparency and efficiency of the GCF’s operating model is critical. Draft should build on key findings of the SPR in that regard.
- **On nature and forests**, the role of nature-based solutions in supporting adaptation and mitigation outcomes (as well as wider biodiversity goals) needs to be explicitly recognise in the main text, and should be embedded as a key theme to this end.
- **In the long-term vision**, the urgency and necessity for a transformative, high-impact GCF-strategic plan needs to be articulated more clearly, with clear references to 1.5°C. Could be described in a way that is more politically appealing for ministerial decision-makers.
- **On climate investment capacities**, some of the activities listed under strategic objective 1 for 2024-27 seem rather basic (e.g., developing country ownership guidelines, contributing to technical guidance on NDCs) and could be increased in terms of transformative ambition.
- **On greening financial systems**, the draft could be clearer that GCF aims for a transformation of financial systems and for setting up enabling policy environments.
- **Draft currently lacks clear baseline/investment targets** for specific sectors (e.g., adaptation). While GCF should avoid tensions/trade-offs resulting from specific quantitative targets, certain guidelines for GCF-2 can ensure (and demonstrate to others) that GCF financing flows into priority/high-impact areas.
- Draft needs to include clearer acknowledgement of where **lessons have been learnt** including from the IEU Second Performance Review and the evaluations of support to SIDS and LDCs.
- There needs to be greater clarity on the relationship between different **funding scenarios and the results** to be delivered in the 2024-2027 period – perhaps an annex or separate document which more clearly models several different resource assumptions/scenarios and related results.

Detail:

Long-term vision:

- Welcome clear focus in long term strategic vision on supporting developing countries in the implementation of the Paris Agreement including NDCs, NAPs, etc.
- However, the urgency of ambitious, transformative climate action should be articulated more clearly. Long-term vision could also be described in a way that is more politically appealing.

Strategic objectives 2024-27:

- **Climate investment capacities/Objective 1:** Welcome strong focus on readiness and preparatory support, incl. commitments on improving speed of access to readiness support. However, would like to see stronger language and ambition here. Objective should not only focus on implementing (often insufficient) NDCs but also on updating them. Moreover, list of activities under objective 1 not transformative – it's possible that all of the objectives here could be met, and all sub targets/actions achieved, and climate considerations still not being fully embedded/mainstreamed within economic governance and public financial management processes as they need to be to achieve goals of PA.
- **Climate solutions/Objective 2:** Focus on innovation, emerging climate technologies and de-risking is positive. Private sector engagement could feature more prominently here, given that private sector will play key role on innovation.
- **Climate resilience/Objective 3:**
 - Positive objective, focus on locally-led adaptation and rapid expansion of climate information and early warning systems is welcome.
 - Interested to see what the significantly expanded enhanced direct access modality looks like [para 19c] and how this can improve access for the most vulnerable.
 - Need to see a more ambitious target on prioritising the most vulnerable = matching or exceeding actual IRM performance of 69% allocated to LDCs, SIDS and Africa versus current proposal of “at least half” under objective 3 paragraph 18.
 - Welcome commitment to look at differentiation of support to countries most vulnerable to climate change and environmental degradation [under objective 1 para 15b] including to countries which are not accessing any/as much funding. Important that we capture SIDS and fragile states within this.
 - Some innovative ideas how to attract private sector for adaptation projects should be included.
- **Just systems transition/Objective 4:** Positive objective, particularly strong on building public-private investment collaborations and de-risking private sector investment at scale. Positive elements on risk appetite. Could incorporate stronger elements on de-risking private sector investments in developing countries, particularly in areas where private sector investment does not conventionally flow (new asset classes, new markets etc), which would also contribute to paradigm shift.
- **Greening financial systems/Objective 5:** Positive objective, good on incorporating climate risks into decision-making of financial institutions; access to green capital markets. However, it is not only about incorporating climate risks but aligning operations of financial institutions with PA and setting up enabling policy environments.

Operational/institutional priorities:

- **Access/operation priorities:**
 - Strongly welcome that enhancing access to GCF resources is identified as the GCF's “core operational commitment” for 2024-27 [section V]. It should feature earlier in the draft and be articulated as a key component/driving principle to be prioritised when looking at core GCF systems and processes.
 - Good to see that draft includes practical suggestions for improving access to the Fund, helpfully broken down by speed, simplicity, harmonisation, volume,

partnerships and direct access – but there is overall a need for a greater sense of urgency.

- Across this section, clear references to how the content responds to the emerging findings of the SPR, and also to the efficiency and effectiveness reforms identified in the work presented at B30.
- Welcome overall commitment to review the USP2 annually at Board level and [under para c] to examine potential for AEs to apply their own systems while maintaining substantial equivalence to GCF policies.
- Needs a stronger commitment regularly to review the impact of GCF policies and identify opportunities to further streamline and harmonize operational requirements – could the GCF challenge itself to be the market leader on streamlining and harmonisation?
- Under “speed”, would be helpful to clarify what the current median times taken by GCF are to process readiness, PAP and SAP proposals are to make the target more specific.
- Should be more propositional on considering options for a GCF regional presence under organisational capacity [section 5.2 para (d)]. This should also be signalled earlier in the document, under strategic objective 1.
- Welcome commitments on harmonisation [section 5.1 para (c)]. Could point to learning lessons from the Taskforce on Access to Climate Finance which GCF and GEF are participating in.
- Would also like to see specific commitment to learn lessons on access to SIDS from other players (e.g., MDBs).
- Improving the accreditation / re-accreditation process is a key part of improving access to GCF funds. Welcome the commitments under the access goal to “simplicity” and “partnerships and direct access” [section V, paragraph 24.] Would also like this to include more specific propositions about how to improve accreditation, for instance changes to the operating model. Could the accreditation term be doubled from 5 to 10 years?
- Also welcome the commitments on improving the speed of access to readiness support (implementation rate of >90% of total GCF portfolio, section 5.1, para 24/a/ii] and reducing times taken to process readiness, PAP and SAP proposals [para 24/a/iii].
- Good to see a Commitment to look at differentiated approaches [objective 1 strengthening country capacity / para 15b] “... including to developing countries that have not yet been able to access GCF support for funded activities or who are not regularly able to access resources for readiness activities” – this is important for the UK in getting funding to some fragile and conflict-affected states who have not yet got project funding.
- We’d also welcome reference to further developing programmatic, platform and regional/supra national approaches for greater impact, scale, learning and risk management.

Governance/institutional priorities:

- Welcome section V on operational goals and institutional priorities. This this could go further on increasing the agility of the GCF and Secretariat to effectively respond to priorities and potential trade-offs.
- Welcome commitment to clarify responsibilities / accountabilities and avoid overlap [para 25/a]. This should say more about expanding Between Board Meetings decisions and delegated authority to the Secretariat, building on recent analysis done by the 2022 Co-Chairs.

- Good to see commitment to “Further its consideration of options for a GCF regional presence, to better support access and bring GCF closer to the countries it serves” [para 25d iii] – this could be more propositional.
- Would like to see a commitment to bring inclusion leads into the governance structures of the organisation either through iTAP or through appointing a designated inclusion champion/lead both at executive senior leadership levels and at board level. A Gender and Social Inclusion sub-committee of the board could also be created to monitor progress.
- Welcome section VI on implementation and review including annual progress reporting and results tracking.
- Para 28 mentions IEU third performance review. Does USP2 take into account findings of IEU’s second performance review?
- Would welcome analysis by the Secretariat as to what functions might be more efficiently delivered through outsourcing or other types of commercial/non-commercial partnerships.
- **Other thematic priorities:**
 - Would be good to see stronger references to nature and forests. This features under the mid-term results in Annex 1 (just food and ecosystems transitions) but barely registers in the main USP2 text.
 - Would welcome a commitment to align the GCF portfolio with the Kunming-Montreal Global Biodiversity Framework including through increasing and integrating co-benefits for nature and reporting to the Board against biodiversity and desertification Rio markers.
 - Would like to see reference to embedding nature-based solutions as an important approach for adaptation and mitigation and ensuring GCF policies include safeguards for the environment and biodiversity in line with international standards.
 - Welcome references to inclusion broadly and do no harm. We’d like to see a commitment by the GCF to developing a Disability Inclusion Policy and Action Plan enabling a more intersectional approach to reaching the most marginalised through programmes.
 - Suggest focusing on the following areas to better incorporate disability inclusion: early warning systems in country to be accessible, devolved financing for locally-led adaptation to include monitoring (disability disaggregation to ensure access for all), just energy transition (disaggregate by beneficiaries), just infrastructure transition (resilience planning should incorporate accessible design), just food systems transition (disaggregation by beneficiaries to ensure reaching the most marginalised). These thematic areas should consult stakeholders at country level with disabilities (e.g., Organisation of Persons with Disabilities (OPDs)).
 - Would like to see clearer acknowledgement by the Fund of where lessons have been learnt including from the IEU Second Performance Review and the evaluations of support to SIDS and LDCs.