

Canada's Input Into DRF.01 of the Update to the GCF Strategic Plan: 2024-2027 (USP2)

Overview:

- Canada is pleased with the draft of the second Updated Strategic Plan (USP-2) and would like to thank the Secretariat for their work. We appreciate the long-term focus on the paradigm shift, as well as the strong focus on access as outlined in the operational strategy.
- The development of the USP-2 is an opportunity to tell the GCF's story, in terms of what it has achieved to date, where it is going, how it fits into the wider climate finance architecture, and the kinds of results the organization would like to achieve. We believe this version provides significant direction for the Board to further discuss and identify shared priorities. To help finalize this document, Canada is suggesting four additional considerations to be integrated that we believe will help to achieve consensus, Ministerial buy-in, and pledges for the GCF-2 replenishment period.

1. Impact: Focusing on and Communicating Results

- We welcome the GCF Secretariat's proposed commitment to focus on overall results rather than specific allocation targets. This will help countries to communicate what the GCF has achieved.
- At the same time, it would be helpful to better understand how the results in the mid-term goals will be tracked and how this will link to key performance indicators in the Investment Framework. This includes clearly articulating how the Fund will finance projects and programmes that demonstrate the maximum potential.
 - We feel the clear explanation and analysis outlined in Annex 1 is particularly helpful in linking the proposed goals to the wider context of NDCs and global pathways; it could be brought into the section on mid-term goals to provide greater clarity.
 - The strategy could also more clearly identify some of the trade-offs that are a necessary function of project prioritization. The current strategy risks being "everything for everyone".
- It is recommended that the GCF's continued commitment to reporting on results for the 50/50 mitigation and adaptation split be outlined in the document, as this is a key objective of the GCF's Governing Instrument, and will help donors to report on their respective Climate Finance Programs.
 - It would also help to continue to report on results on the eight areas of focus, in particular on the use of nature-based solutions, climate smart agriculture or nature regenerative agriculture and gender-transformative outcomes, to help deliver on guidance from the Climate COP and the outcomes of the Kunming-Montreal Global Biodiversity Framework.

2. Integration: Programming for Climate and Nature

- The Resource Mobilization Annex in the Kunming-Montreal Global Biodiversity Framework notes with appreciation the programmatic initiatives of the GCF and other funds to "harness synergies in project development and financing for the purpose of the objectives of the Rio conventions and global biodiversity-related Conventions and agreements."
- It is suggested that the Secretariat integrate stronger references to this text within the USP-2 to ensure the GCF can help to deliver on the decisions taken by the Parties.
- As many donors currently operate in a resource-deficit, the USP-2 can act as a business case for how the organization is already delivering better value for dollar, by addressing the climate and nature nexus through its ecosystems and ecosystem services focus area.
- While we welcome the focus on harmonization with other climate funds as is outlined in the operational goals, the strategy could also more clearly show the GCF's integration within the broader climate finance ecosystem, including with other UNFCCC constituted bodies. This is also stressed in the Guidance from the UNFCCC COP.

3. Inclusion: Partnering with and Delivering Benefits for Everyone

- Canada is pleased with the references to address the resilience of vulnerable communities, including SIDS and LDCs, as is outlined in the latest guidance from the COP. We are further supportive of key references to the promotion of gender balance and human rights.
- To ensure that GCF programming meets the needs of the poorest and most vulnerable, we would recommend a strengthened commitment in the document to address the inclusion of women and girls and partnerships with Indigenous communities and local communities.
 - This will help further communicate the GCF's value-add and comparative advantage in the climate finance space, building on the Fund's leadership role as one of the first climate finance mechanisms to mainstream gender and inclusion perspectives from the outset of its operations.

4. Innovation: Telling the GCF Story of Yesterday, Today and Tomorrow

- As we report on key results achieved, we will need to provide easily digestible information (i.e. sound bites) for Ministers on the types of new activities the GCF is undertaking including on private sector engagement, blended finance, and the use of nature-based solutions. It would also be helpful to highlight some of the key lessons that have been learned from the previous replenishment period to demonstrate that the GCF continues to evolve as a learning organization.
- This will help Ministers to understand and communicate why the GCF warrants additional public funds and it will also help to give some direction on the way forward within to the Plan.
 - For example, over the course of the GCF period, the organization has strengthened the policy suite on private sector engagement and pathfinder projects (i.e. Global Fund for Coral Reefs; CRAFT). It would be beneficial to outline how the USP-2 will further scale up these pilots during the GCF-2 period.
 - The USP-2 is also an opportunity to show how the organization has matured and improved its governance function, delivered a more comprehensive suite of policies and programs for mitigation and adaptation, including a strong link to its role in aligning broader financial flows, and is creating a global community of climate investors and experts through its Accredited Entity function.