



GREEN
CLIMATE
FUND

Update of the Green Climate Fund Strategic Plan 2024-2027

Consultation DRF.02

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Strategic Plan for the Green Climate Fund 2024–2027

I. Introduction: Rising to the climate investment challenge

1. The Green Climate Fund (GCF) is the world's largest dedicated climate fund [and] [serving as] an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In line with the purpose, objectives and guiding principles set out in its Governing Instrument, the GCF has matured over the course of its first two programming cycles. It has committed USD 12 billion to 216 projects in 128 developing countries, mobilizing an additional \$33 billion in public and private co-financing¹.

2. Since GCF last updated its Strategic Plan in 2020, the urgency and seriousness of the climate challenge has become even more stark. The world has already experienced over a degree of warming, with impacts felt in all regions. The Intergovernmental Panel on Climate Change warns the window of opportunity for both mitigation and adaptation action is rapidly shrinking. Acceleration of action and channeling enhanced support to developing countries, enabling a shift from incremental to systemic approach, is essential over this critical decade to keep [the resolve to limit global temperature rise to] [pursuit of] 1.5°C within reach [and enhance ambition on climate action to address the gaps in the implementation of the goals of the Paris Agreement.] As part of the global response, over 140 countries have raised ambition.

3. To capitalise on the opportunities created by policy interventions over recent decades, which have led to rapid climate innovation and lowered technology costs, GCF's flexible, patient, risk-inclined climate finance serves the critical needs of developing countries. In line with its Results Framework and Investment Criteria, GCF's resources are key to support climate action in developing countries and accelerating more widespread adoption of available solutions, including through simplifying and improving access to GCF funding and catalysing additional sources of public and private finance through its activities.

4. In response to the Board's mandate to conclude its consideration of the update to the GCF's strategic plan for the 2024-2027 programming and replenishment period no later than the 36th meeting of the GCF Board,² this revised Strategic Plan articulates how GCF plans to step up ambition, results and access over its next replenishment period, 2024-2027, building on lessons from its second performance review and its growing experience. Under this Strategic Plan, GCF will seek to raise the ambition of its contribution to the UNFCCC and the mitigation, adaptation and finance goals of the Paris Agreement, by targeting high-impact climate results that also maximise benefits for sustainable development and biodiversity, by capitalising on its comparative advantages to grow climate finance capacity as well as accelerate access to pathfinding, country-driven climate solutions, and by maintaining a core focus on the urgent needs of those most vulnerable to the impacts of climate change.

¹ Figures will be updated to be current at the time of the adoption of the updates to the Strategic Plan

² GCF B.32/04 Strategic planning and programming matters

5. **Figure 1** shows the overall logic and structure of the updated Strategic Plan:

Figure 1: Updated GCF Strategic Plan 2024-2027

UNFCCC & PARIS AGREEMENT	GCF ASPIRES TO MAKE A SIGNIFICANT AND AMBITIOUS CONTRIBUTION to the objective of the UNFCCC and the goals of the Paris Agreement through successive cycles	Progress assessed by annual reporting to the COP
LONG TERM VISION	GCF PROMOTES PARADIGM SHIFT AND IMPLEMENTATION OF THE UNFCCC AND THE PARIS AGREEMENT (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement, within the evolving climate finance landscape	Progress evaluated through IRMF paradigm shift level
STRATEGIC GOALS	GCF AIMS TO ACHIEVE MILESTONE GOALS towards global pathways, with specific goals based on resourcing for 2024-27	Progress measured through RRMF and IRMF mitigation/adaptation & enabling environment impact levels & supplementary tracking
PROGRAMMATIC OBJECTIVES	GCF WILL DIRECT 2024-27 PROGRAMMING toward (1) Strengthening country capacity for climate funding and investment (2) Accelerating innovation of new climate solutions (3) Building resilience to urgent climate threats (4) Forging coalitions for [supporting paradigm shifts] [system paradigm shifts] (5) Helping countries green financial systems	Progress tracked through RTT & work programme results framework
OPERATIONAL & INSTITUTIONAL PRIORITIES	GCF WILL LEARN AND ADAPT ITS OPERATIONS guided by a core goal of enhancing access, pursue institutional measures to calibrate its policies, processes, governance and organisations capacity for successful delivery	

II. Long-term strategic vision of the GCF

6. Building on the mission and purpose set out in the GCF Governing Instrument, the Board's long-term strategic vision for the GCF is to:

- (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and
- (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement, within the evolving climate finance landscape.

7. This envisions that **GCF will support developing countries translate their nationally determined contributions (NDCs), adaptation communications (ACs), national adaptation plans (NAPs) and long-term strategies (LTS) into country-owned, high-impact climate projects [and investments] [for GCF funding, particularly through enhanced direct access]**. Capitalising on GCF's co-financing track record, the fund will continue to attract increased flows of [wider international] finance for [just] [transitions of energy][energy], [financial], [infrastructure], [food and ecological], systems transitions in line with its Results Framework and Investment Criteria, promoting paradigm shift aligned with UNFCCC objective and Paris Agreement goals, and keeping [pursuit of] [the]1.5°C [alive] [within reach]. GCF's vision also aspires to increase climate ambition of developing countries, [in accordance with national priorities and circumstances,] over successive Paris Agreement cycles. Noting [agreement] [consensus of the parties to the UNFCCC in 2010] for a significant share of new

multilateral funding for adaptation to flow through GCF³, the Fund will place particular focus on testing and scaling up financing for adaptation and resilience solutions.

8. GCF seeks to realise its vision by both predictably channelling its resources to developing countries to address barriers to accessing GCF resources, and catalysing wider sources of public and private finance to meet the scale of countries' needs. GCF channels and catalyses resources in two main ways, guided by countries' priorities. First it makes [tailored interventions] [patient investments] to strengthen the capacities, tools and enabling environments that developing countries [need to factor climate change into planning and financial decision-making, and] generate a project pipeline for GCF [and other financial sources.] Second, it exercises its distinctive risk appetite – being willing to accept considerable uncertainties around investment risks in return for impact potential – to unlock significant climate impact potential by deploying a range of financial instruments, [particularly grants and concessional finance,] for mitigation, adaptation and cross-cutting funding proposals that can serve as models for replication, to unlock pathways to paradigm shift and system transition. Through both these means, GCF can also help developing countries create the conditions, in line with national circumstances and priorities, to shift wider flows of finance towards low-emission climate-resilient investments. GCF puts specific focus on supporting developing countries, and their people, who are most vulnerable to the adverse effects of climate change, striving for inclusive climate action in line with the GCF's Revised Environmental and Social Policy, and integrates local and indigenous communities, women and girls as agents of change.⁴

9. As one of the major actors in the wider climate finance landscape, GCF will draw on its comparative advantages as a dedicated, country-driven, and partnership-based climate -, Fund: working at a unique nexus of risk, scale and flexible financial instruments that equip it to play the role of supporting the entire value chain of project conception, development and implementation, including acting as an accelerator and amplifier for climate action.

10. GCF delivers through collaboration with its country partners, accredited entities, and other stakeholders. GCF collaborates with developing countries and their investment partners on the ground, and through the UNFCCC's constituted bodies, to help build institutional know-how for climate investment. By seeking complementarity, forging novel coalitions and blending finance, GCF draws on partners' respective strengths in local knowledge, technical expertise and financing capabilities to optimise cooperation toward developing countries' climate priorities. Through these collaborations, GCF also strives to forge solutions that deliver multiple benefits, such as pursuing programming synergies to address the climate-biodiversity nexus by leveraging nature and ecosystems for effective and sustainable climate action, while also promoting sustainable and inclusive development.

III. Strategic Goals for climate results

11. GCF's strategic goals are intended to serve as an ambitious compass for the fund's programming as it strives toward its long-term vision. They are aspirational as they chart pathways, driven by developing country needs and ambitions, for GCF to contribute to UNFCCC and Paris Agreement goals, [the GCF's role in the broader climate finance architecture,] GCF's resourcing over progressive programming periods, ability to catalyse financing, and success in promoting paradigm-shifting solutions.

11. Over the period to 2030, GCF will strive to contribute to the implementation of developing countries' NDCs LTSs and NAPs, and other climate strategies by **supporting mitigation of X-Y gigatonnes of CO₂ equivalent and enhancing the resilience of X-Y billion**

³ Decision 1/CP.16 The Cancun agreements, paragraph 100

⁴ B.BM-2021/18 GCF Revised Environmental and Social Policy

people, while innovating, accelerating and scaling paradigm-shifting climate programmes, projects and solutions that contribute to, *inter alia*:

- (a) global pathways to reduce greenhouse gas emissions by 30-45% by 2030, reach at least 60% zero-carbon energy in electricity generation and universal energy access, and accelerate electrification of [transport and other] end-use sectors, and decarbonisation of hard-to-abate sectors;
- (b) enhancing resilience for 4 billion people living in the most climate vulnerable communities by 2030, including through universal early warning systems, boosting resilient and nature positive food production, and developing sustainable and resilient infrastructure; and
- (c) effective conservation and management of at least 30% of terrestrial, inland water, coastal and marine areas, restoration of at least 30% of degraded ecosystems, and halting and reversing deforestation by 2030.

12. To contribute to broader efforts to achieve these outcomes, the GCF will also strive to provide **enhanced [and predictable] [and targeted] [direct] [significantly improved] [access to] climate finance and delivery on the ground**, to meet the urgency of developing countries' needs, by evolving its programming strategy, operational modalities and processes through improved speed, simplicity, complementarity, volume, direct access, and structured collaboration with its partners. It will focus on strengthening access for those developing countries, particularly vulnerable to climate change, including SIDS, LDCs and African States. Further, the GCF will prioritize increasing the number of approved funding proposals from Direct Access Entities.

13. Over the 2024 to 2027 programming cycle, and in line with its longer-term strategic goals, GCF will strive to achieve the following results:

Figure 2: Goals for 2024-2027

<p>STRENGTHENING COUNTRY CAPACITY [FOR CLIMATE FUNDING] [AND] [INVESTMENT]</p>	<p>{[XX-YY] developing countries able to develop integrated climate [investment] [action] plans to translate their NDC, NAP or LTS into [structured] climate project [investment] pipelines [for GCF funding]} {Alt [Strengthening developing country capacities and enabling environments for enhanced access to and allocation of GCF resources]}</p> <p>[Doubling the number of DAEs with approved GCF funding proposals] through strengthened climate programming capacity] {Alt [Strengthening direct access entity programming capacities to double the allocation of GCF resources]}</p>
<p>INNOVATION OF NEW CLIMATE SOLUTIONS</p>	<p>{[XX-YY] new incubators [or][and] accelerators} established [for key regions] [in developing countries] [to support funding of emerging climate technologies,] to promote home-grown innovation and diffusion of climate solutions]} {Alt [Establishing incubators and accelerators to support funding of emerging climate technologies, and promote innovation based on local and traditional knowledge]}</p> <p>[XX-YY] [start-ups and MSMEs] with] [enhanced access to seed and early-stage capital for climate solutions, [and removal of barriers for home-grown innovation,] with a focus on adaptation and energy access]</p>
<p>RESILIENCE TO URGENT CLIMATE THREATS</p>	<p>{[XX-YY] [of the most] vulnerable [developing] countries, [developing countries, particularly vulnerable to climate change, including SIDS, LDCs and African States]} protected by new or improved early warning systems. [with a focus on SIDS, LDCs and African States who lack coverage]} {Alt [supporting deployment of early warning systems, and integrated risk management approaches]}</p> <p>[XX-YY] [most] vulnerable [communities][developing countries, developing countries, particularly vulnerable to climate change, including SIDS, LDCs and African States] [in 20 to 40] [of the most at-risk countries] able to access [devolved] [GCF funding] [financing] for locally-led adaptation action [and increased resilience]</p>
<p>COALITIONS FOR SUPPORTING</p>	<p>Energy: [XX-YY] developing countries supported to advance [systemic] [paradigm shifts] [across sectors], [through] [by ensuring access to affordable, reliable, sustainable and modern energy solutions] [securing energy access for hardest to reach], [ensuring affordability,] [widening</p>

<p>PARADIGM SHIFTS] [SYSTEM PARADIGM SHIFTS]</p>	<p>markets] [supporting generation] for renewable energy, [alternate sources of energy], [efficiency in the building sector] and electrification [of transport sector], or demonstrating novel solutions for hard-to-abate sectors</p> <p>Infrastructure: [XX-YY] developing countries supported to [secure critical] [develop climate resilient and sustainable] infrastructure, through systemic resilience planning [across sectors], [scaling up of GCF funding and de-risking of investments] [and proofing sustainable resilient infrastructure investments] [that draw on nature-based solutions]</p> <p>Food: [XX-YY] million smallholders [helped] [supported] to adopt low-emission, climate-resilient agricultural and fisheries practices, securing livelihoods while reconfiguring food systems</p> <p>Ecosystems: [XX-YY] million hectares of terrestrial and marine areas conserved, restored</p>
<p>HELPING COUNTRIES GREEN FINANCING SYSTEMS</p>	<p>{[XX-YY] green financing institutions established, including new green banks or facilities} {Alt [Support national and regional financial institutions build capacity, upon request of developing countries, for integrating climate considerations into investment operations]}</p> <p>{[XX-YY] local financial institutions [engaged] [supported] to expand access [and remove barriers] to green finance, particularly for MSMEs, and deepening domestic financial and capital markets</p>

14. These goals will guide GCF programming and form the basis for pipeline management in line with available resources. [For the avoidance of doubt, where further pipeline [rationalisation] [and resource] [prioritization] is necessary, the Fund will aim to advance proposals that contribute to the realisation of the 2024-2027 results set out in Figure 2.

IV. Programming objectives for 2024-2027

15. The five strategic programming objectives set out the prioritised actions that GCF will take to deliver on its long-term vision, strategic goals through 2030, and [quantified] targets over the 2024-2027 programming cycle. The programming objectives represent how GCF will achieve the results set out in Figure 2 and utilise the key programming modalities, policies and partnerships that will enable success. These strategic programming objectives are supported by more detailed thematic strategies adopted by GCF across specific programming areas.

Objective 1: Strengthening country capacity for climate funding and investment

16. Developing countries are GCF's core stakeholders. As a fund based on country ownership, GCF seeks to empower developing countries to be in the driver's seat of climate action planning, origination and implementation. In turn, GCF seeks to be a partner of choice in helping build the essential capacities countries need to translate NDCs, LTSs and NAPs, into impactful mitigation, adaptation and resilience-focused projects for enhanced resource allocation from GCF. Through this objective and the associated key modalities, actions and partnerships, the GCF will support the achievement of the following 2024-2027 results:

<p>CAPACITY FOR CLIMATE INVESTMENT</p>	<p>[Text to be inserted after agreement on 2024-2027 results]</p>
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17. Objective 1 will be supported by the following key modalities, actions and partnerships:

- a. **Updating the strategy and securing predictable resourcing for the GCF Readiness and Preparatory Support Programme (RPSP),** the world's largest climate capacity building [programme for enhancing developing countries' access to GCF resources and financial instruments];
- b. **Curating easy-to-access resources on climate information, risk and vulnerability assessments to support systemic planning and origination:** working with the World Meteorological Organisation (WMO), IPAG and global experts to draw on best available climate information and traditional, local and indigenous knowledge and practices; and with partners to harvest lessons from the first phase of adaptation planning support with a view to presenting a strategy paper for consideration by the Board;
- c. **Promoting integrated NDC/NAP/LTS investment planning through improved technical support, guidance and country programming:** working with the UNFCCC Secretariat, NDC Partnership and NAP global network to align guidance; and refocusing GCF country programmes to ensure synergies;
- d. **Evolving a more dynamic and inclusive approach to country ownership, including through an update to country ownership guidelines, to be approved by the Board, that also better clarifies GCF's role:** aiming to better articulate what country ownership means beyond the no-objection procedure, in a way that strengthens meaningful country engagement throughout origination, approval and implementation processes [including with affected communities, indigenous people, women and the private sector] including local private sector; [and also clarify the intended approach and role GCF may play in each individual and diverse country context];
- e. **[Better differentiating RPSP [and technical support] for NDAs and DAEs to match needs and improve access:** particularly for developing countries that have not yet accessed GCF for funded activities, and for DAEs to help them play a significantly greater role in GCF programming. GCF will also strengthen peer learning via the joint Adaptation Fund DAE Community of Practice and with international AEs through DAE pairing;] and
- f. **Supporting country-led climate mainstreaming, policy and NDC updates:** Where requested by developing countries working with technically qualified partners, GCF can also support NDC updates and implementation of policy measures for climate action.

Objective 2: Accelerating innovation of new climate solutions

18. Developing countries have immense potential for deployment of innovative low emission and climate resilient solutions. However, due to lack of supportive domestic innovation ecosystems, limited access to seed and early-stage capital, and higher perceived risks, this potential has not been realised. In this context, GCF seeks to support developing countries, in particular the local private sector, for creating incubators and accelerators, including by providing seed and early-stage capital, and removing barriers for home-grown innovation to flourish and promote diffusion of promising solutions, while enhancing focus on

adaptation and nature-based solutions. This objective, and the associated key modalities, actions and partnerships, will support the achievement of the following 2024-2027 results:

INNOVATION OF
NEW CLIMATE
SOLUTIONS

[Text to be inserted after agreement on 2024-2027 results]

19. Objective 2 will be supported by the following key modalities, actions and partnerships:
- a. **Launching requests for proposals on incubators and accelerators for innovative climate solutions**, through which GCF will seek to identify promising partners and project ideas for technology incubators and accelerators, and also accelerators of inclusive innovation based especially on traditional, local and indigenous knowledge and practices;
 - b. **Support development of high-quality innovation ecosystems, and increase access to early-stage seed and risk capital**: in line with its private sector strategy, GCF will foster a pipeline aimed at helping domestic entrepreneurs to ideate, tailor and scale novel climate solutions and business models, and also provide seed and early-stage capital to viable local private sector entities, including micro- small- and medium-sized enterprises (MSMEs);
 - c. **[Collaborating with the UNFCCC, peer funds and partners to identify opportunities for scaling-up innovation successes**, including with the Technology Executive Committee and Climate Technology Centre and Network, the Adaptation Fund and GEF on their respective programmes focused on technology and innovation, and the Global Innovation Lab for Climate Finance, among others;]
 - d. **Pursuing collaborative engagement, such as ideation challenges, with the Indigenous Peoples Advisory Group (IPAG), local, indigenous, women and youth stakeholders** to scope where there is potential for inclusive innovation based on traditional, local and indigenous knowledge and practices, social and digital enterprises;
 - e. **Increasing instances where GCF takes educated risks to demonstrate viability of innovative approaches**, confirming GCF's risk appetite supports taking innovation risks in cases where climate impact is not guaranteed but impact potential is high;
 - f. **Exploring novel applications of GCF financial instruments to promote innovation**, including for innovative technologies, financial instrument innovation and market development, or using market- and performance- based approaches; and
 - g. **Keeping at the forefront equity and gender dimensions of innovation, recognising** how socioeconomic impacts may be differentiated, and striving to maximise benefits and gender-responsiveness through inclusive, responsible and sustainable innovation.

Objective 3: Building resilience to urgent climate threats

20. Developing countries are already feeling the impacts of climate change. GCF is unique in its commitment to balance funding for adaptation and mitigation [over time], dedicating at least half of adaptation funding to developing countries that are particularly vulnerable to the impacts of climate change, including SIDS, LDCs and African States. Accordingly, while GCF seeks to promote longer-term, systemic adaptation responses, innovation and private sector participation through Objectives 1, 2 and 4, it also seeks to accelerate measures that can help prepare the most vulnerable to deal with urgent and immediate climate threats. This objective, and the associated key modalities, actions and partnerships, will support the achievement of the following 2024-2027 results:

RESILIENCE TO
URGENT CLIMATE
THREATS

[Text to be inserted after agreement on 2024-2027 results]

21. Objective 3 will be supported by the following key modalities, actions and partnerships:

- a. Enhance **deployment of Simplified Approval Process (SAP) to rapidly scale-up climate information and early warning systems**, focusing on developing countries that are particularly vulnerable to the impacts of climate change, including SIDS, LDCs, African States;
- b. **Support activities relevant to averting, minimising and addressing loss and damage**, consistent with GCF's existing investment, results framework and funding windows and structures. GCF will build on its track record of supporting integrated risk management approaches to extreme and slow onset events, test novel instruments such as parametric insurance [or debt relief mechanisms], and seek complementarity with other funding arrangements responding to loss and damage. [Pending the recommendations of the Transitional Committee and associated decisions by the COP/CMA regarding establishment of new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage, including with a focus on addressing loss and damage, including a fund, take appropriate action];
- c. **[Scoping potential to upscale successful projects from peer funds or community-level programmes, particularly through the SAP:** collaborating with the Adaptation Fund and GEF; and creating forums to engage local actors, civil society, indigenous peoples, women and youth in sourcing and aggregating pipeline of locally-led solutions;]
- d. **Placing particular emphasis on supporting developing countries [and communities] that are most vulnerable to the impacts of climate change**, including SIDS, LDCs and African States, as well as climate-critical sensitive areas such as mountain areas and coastal and

marine zones, and working with partners to reach fragile and conflict affected areas; and

- e. **Evolving GCF guidance on adaptation** to help stakeholders make best use of GCF’s adaptation planning, readiness and funding modalities to support effective short term and systemic adaptation responses.

Objective 4: Forging coalitions for [supporting paradigm shifts] [system paradigm shifts]

22. To deliver the magnitude of action and scale of finance needed to realise developing countries’ ambitions, three paradigm shifts are needed. First, a shift from standalone to systemic responses, building synergies and addressing trade-offs across intersecting challenges, sectors and geographies to promote [just] transitions of energy, food, infrastructure and ecological systems. Second, [ensuring the [predictability of] [targeted use of] public resources [based on needs,] to realise high impact mitigation projects]. [Third,] a shift in financing, using [limited] [targeted] public funds catalytically to attract wider financial sources [, both public and private,] and [shift financial flows toward alignment with the goals of the Paris Agreement] [in the context of sustainable development and efforts to eradicate poverty, and reflecting equity and the principle of common but differentiated responsibilities and respective capabilities]. Uniquely positioned at the hub of a diverse 200+ strong partner network, with flexible instruments and a dedicated Private Sector Facility (PSF), GCF seeks to help developing countries build public-private collaborations that can bring an optimal mix of technical skills and financing capabilities to realise country-led climate programmes and projects [investment plans]. This objective, and the associated key modalities, actions and partnerships, will support the achievement of the following 2024-2027 results:

**COALITIONS
FOR
[SUPPORTING
PARADIGM
SHIFTS]
[SYSTEM
PARADIGM
SHIFTS]**

[Text to be inserted after agreement on 2024-2027 results]

23. Objective 4 will be supported by the following key modalities, actions and partnerships:

- a. **Collaborating with AE partners, and promoting collaboration among AEs, to structure thematically or geographically based programmes that address countries’ top climate impact and transition priorities:** Led principally by the Division of Mitigation & Adaptation, and guided by countries’ NDC /NAP/LTS, GCF will support developing countries to build investment coalitions that draw on partners’ diverse local knowledge, technical capacities, risk profiles and instruments to craft fit-for-purpose, scalable public and public-private financing solutions. [These may cover areas such as blue economy, protection of critical biomes, including primary forests, wetlands and the polar alpine biomes, [green hydrogen], energy access for all and regenerative agriculture;]

- b. Deploying fit-for-purpose blended finance, [including] through the PSF], [including] through the PSF], to[de-risk market creating investments] that catalyse private sector finance:** In line with its private sector strategy, GCF will leverage its flexible de-risking instruments, [including through] [particularly equity and guarantees], for funding proposals that help reduce the real or perceived risks faced by private sector actors seeking to scale climate solutions in developing countries. This will aim to establish track record for wider market-driven diffusion, covering areas such as green resilient infrastructure, [just] energy transition [across sectors, including building and transport,] and climate-resilient agriculture where there is unrealised potential for private sector investment to flow;
- c. Deploying requests for proposals in specific programming areas, such as REDD+ results based payments** that require dedicated mechanisms to deliver target results;
- d. Supporting demonstration pilots for using systemic resilience planning to better manage climate risks to infrastructure and originate integrated project pipelines:** as a model for countries to translate adaptation planning into more long-term programmes of investments for [just] systems transitions, and shift investment calculus;
- e. Building awareness of opportunities to design investments for paradigm shift and[just energy transitions across sectors, including building and transport][system] transitions, including the potential of nature-based solutions:** GCF will build on its sector guidance,[,[to be approved by the Board,],] to promote cross-cutting, multi-sectoral [and multi-territorial (spanning different marine and territorial areas, including mountainous areas)], inclusive interventions which address complex, interacting climate risks and deliver economic and non-economic co-benefits; encourage use of nature-based solutions as critical tools to address adaptation, mitigation, biodiversity and poverty; [and incorporate evolving understanding of just and equitable transition pathways;]
- f. Exercising investment risk appetite to drive toward catalytic outcomes,** [such as market-creation and establishing new asset classes, rather than maximising leverage in more established asset classes and geographies; and] including by deploying its full de-risking toolkit, [diversification of financial instruments] and local currency financing; and
- g. Working with AEs to attract co-investors, including private sector, to GCF-funded projects,** building on GCF's robust due diligence standards and institutional reputation.

Strategic Objective 5: Helping countries green financial systems

24. Financing climate action at scale depends on deepening domestic financial and capital markets to enhance access to green finance, broadening financial market participants, products and infrastructure, [as well as aligning investment with goals of the Paris Agreement] [in the context of sustainable development and efforts to eradicate poverty, and reflecting equity and the principle of common but differentiated responsibilities and respective capabilities].

Recently, a growing number of developing country governments, central banks and financial institutions – including GCF DAEs and executing entities – have become engaged in initiatives to green finance, and in seeking to better understand and manage climate change risks to investment and lending portfolios. By pairing with qualified AEs and expert technical partners, GCF can support country-led efforts to green and transform financial systems, [through direct budgetary support and debt relief instruments] [with catalytic impact many multiples the scale of its own resources.] This objective, and the associated key modalities, actions and partnerships, will support the achievement of the following 2024-2027 results:

**HELPING COUNTRIES
GREEN FINANCIAL
SYSTEMS**

[Text to be inserted after agreement on 2024-2027 results]

25. Objective 5 will be supported by the following key modalities, actions and partnerships:
- (a) **Deploying preparatory, investment [and budgetary] support to developing countries to establish greenfield financial institutions or facilities** dedicated to unlocking financing for low-emission and climate resilient solutions, such as new green banks;
 - (b) **Pipeline programming with AEs, particularly public and private banks, to expand access to credit for low-emission climate resilient solutions**, and build the technical capacities of local financial institutions to develop green product offerings, particularly for the benefit of local MSME borrowers, in line with the GCF private sector strategy;
 - (c) **Deploying predictable and targeted preparatory and investment support, through qualified technical partners and AEs, to deepen access to capital markets for climate investments [and create enabling environments]**: where requested, helping to ready developing country governments, exchanges, financial institutions, corporations and related ecosystem players to access and deepen capital markets through issuing green or other thematic climate bonds, green asset-backed securities, and associated regulatory and capacity strengthening;
 - (d) **Based on country and DAE requests, supporting DAEs that are public or commercial financial institutions to mainstream climate into their operations**, working through qualified technical partners to support assessments, climate physical and transition risks; factoring in climate into lending and investment decisions; alignment of investments with national climate action plans; and development of supportive policy and regulatory environments;
 - (e) **Based on country requests, providing support, through qualified technical partners, for green finance tools and methodologies**, such as for assessing exposure to climate risks, [provision of debt relief instruments, including debt for nature swaps], climate disclosure standards,[green taxonomies], [climate alignment tools], re-pricing and valuation methods, or approaches to originate and appraise climate investments, collaborating with relevant networks to share knowledge and lessons learned; and
 - (f) **[Through its re/accreditation process, incentivizing AEs to evolve their overall portfolios** of activities beyond those funded by the GCF towards low-emission and climate-resilient development pathways.]

V. Operational and institutional priorities for 2024–2027

5.1 Operational priorities: Enhancing access to GCF resources:

26. The GCF has made significant strides as an institution over the last two programming periods. During the Initial Resource Mobilisation it was a simple, first-come, first-serve co-financier, still developing its policies, processes and systems. Today it is [an evolving] [a mature] [a maturing] organisation [nearing maturity], engaging confidently with a global network of partners to build investment coalitions that capture greater opportunities for climate impact, deliver economic development and social co-benefits, and with the task of managing a high-quality pipeline that well exceeds available resources.

27. But the urgency of climate change and [feedback from stakeholders on the GCF's accessibility, particularly to SIDS and LDCs most vulnerable to climate change,] demands GCF challenge itself to be more ambitious in improving access to climate finance for developing countries: further reducing bureaucracy, increasing the predictability of GCF programming, and clarifying communications to ease the investment process. "Enhancing access" accordingly represents GCF's core operational commitment for the period 2024-2027, alongside the access measures included in its programming objectives. [This commitment also reflects that as a partnership institution, the health of GCF's partnerships is equally critical to operational effectiveness and developing country access.] GCF's commitment to access covers:

(a) Predictability

- (i) [Ensuring predictability of resources available for programming] [through prioritization of programming objectives and management of resources;]
- (ii) [Avoiding frequent changes to GCF procedures and modalities to ensure predictability for project development, approval and implementation;]
- (iii) [Ensuring predictable timeframes for project approval and fund disbursement;]
- (iv) [Ensuring allocation of financial instruments in line with the project design and in accordance with the needs of developing countries; and]
- (v) [Ensuring pipeline development, accreditation and programming are aligned with the objectives set out in the Strategic Plan.]

(b) Speed:

- (i) [Targeting deployment of] [Deploying] [Targeting disbursement of] over [90%] of available [commitment authority] [committed funds] on a running basis, based on the GCF financial plan, ensuring no resources sit idle;
- (ii) Maintaining implementation rate of over [90%] of the total GCF portfolio (readiness and funded activities), ensuring resources are deployed on ground;
- (iii) Improving the predictability and consistency of review and approval timelines and reducing median times taken by GCF to process readiness, PAP and SAP proposals from review to first disbursement; and
- (iv) Providing rapid, clear feedback on whether or not project concepts show potential to meet GCF investment criteria and programming goals, to reduce transaction costs and aid transparent, predictable pipeline management.

(c) Simplicity:

- (i) Enhancing GCF's ability to operate in the main languages of its stakeholders, working to make multilingualism the norm;
- (ii) Continually improving the transparency, predictability and efficiency of readiness, project and re/accreditation processes, targeting ways to reduce administrative burden and bottlenecks that are within GCF's control;
- (iii) Reaching full-scale implementation of the project specific assessment approach (PSAA), further simplifying accreditation and reaccreditation, and removing any duplication across accreditation and investment processes;
- (iv) Significantly increasing deployment of the SAP, EDA and other devolved financing approaches through dedicated efforts to replicate proven successes; and
- (v) Mainstreaming operational performance monitoring and feedback mechanisms to identify bottlenecks and rapidly test solutions across all business processes, as well as adopting lessons on access from other organisations and initiatives.

(d) Complementarity:

- (i) Examining potential to better align programming, processes and policies with other climate funds, and guide countries to navigate different finance sources;
- (ii) Examining potential for AEs to apply their own systems and policies, while maintaining best practice and substantial equivalence to GCF policies, [for consideration and decision by the Board];
- (iii) Managing data as a strategic and shared asset that can be linked to other data sources to improve coherence and impact in climate investment programming; and
- (iv) Further strengthening complementarity and coherence with [the broader climate finance architecture] [other climate funds] [as well as other financiers operating in the climate finance landscape.]

(e) Volume:

- (i) Maintaining clear expectations, through the Board's setting of annual programming targets, on the volume of resources GCF will channel annually [and the contribution this represents to global climate finance goals];
- (ii) Improving measurement and reporting on how GCF helps developing countries catalyse climate finance, through establishing track record and better pricing of climate risks and opportunities, as well as improving reporting of mobilised finance according to instrument-based methodologies; and
- (iii) Initiating the third replenishment 30 months after commencement of GCF-2.

(f) Partnerships and direct access:

- (i) Strengthening GCF's engagement with countries, AEs and partners on the ground to understand local needs and contexts, including through advancing consideration of regional presence to bring GCF closer to the countries it serves;
- (ii) Developing a partnerships and access strategy for consideration and approval by the Board] to clearly articulate [the different and graduated pathways for countries [enhanced] access [to] GCF financing], [and how GCF can engage a range of AE and non-AE partners consistent with their own mandates;]
- (iii) Actively managing accreditation, reaccreditation and PSAA pipelines [through the lens of AE value-addition to delivering GCF strategic goals and programming objectives, [based on strategic priorities] [prioritisation] decisions adopted by the Board] in line with the GCF accreditation strategy;
- (iv) Continuing to increase the share of DAEs in the AE network, alongside increasing the role of DAEs in GCF programming; and encouraging and facilitating cooperation and learning between IAE and DAEs, as well as DAE peer learning; and
- (v) Implementing tools for full transparency of where proposals sit in operational processes and responsibilities for action; and setting realistic expectations of GCF and partner response times, and with reference to commitment authority.

5.2 Institutional priorities: consolidating capacity for delivery

28. On the institutional front, the period since 2020 has seen tremendous progress in GCF's journey toward organisational maturity, with strengthening of governance, completion of all major policy frameworks, comprehensive process codification, digitalisation, regularising strategic planning and corporate performance management and strengthening GCF's committed workforce. For 2024-2027, GCF is accordingly adopting a set of institutional priorities, designed to highlight only the most critical remaining areas of institutional evolution:

(a) Governance and risk management:

- (i) [Strengthening governance efficiency, building a governance culture based on respect and cooperation among the GCF Secretariat, Independent Units, and Independent Panels [, as well as the Board and Board Committees,] and promoting gender balance, diversity and inclusion, to advance GCF leadership and impact;]
- (ii) More clearly delineating responsibilities for programming, financial and risk oversight; operational management; and lines of defence – refining the internal control framework to align accountability with responsibility and avoid overlap;
- (iii) Continuing to examine where delegation can help improve access and agility, particularly for implementation matters as the GCF portfolio grows;
- (iv) Consolidating GCF's risk management approach, ensuring risk is apportioned in line with its second level business model, that risk and other policies are aligned and coherent, and a risk-aware culture is built into governance and operations; and

- (v) Securing privileges and immunities in more countries as necessary for GCF to fulfil its purpose, in line with the Governing Instrument.
- (b) **Policies and safeguards:**
 - (i) Updating the GCF policy cycle in conjunction with the Board workplan for 2024-2027, shifting focus toward reviewing and improving the impact, coherence and implementation of policy frameworks, while retiring superseded mandates;
 - (ii) Establishing more consistent Fund-wide policy standards through evolving more standard classifications of policy instruments, templates, processes and roles; and strengthening capacity to support the Board in policy and decision-making; and
 - (iii) Continuing to advance best practices on environmental and social safeguards, indigenous peoples, gender, integrity and information disclosure, to not only include “do no harm” safeguarding measures but to also improve outcomes.
- (c) **Results, knowledge and learning:**
 - (i) Consolidating implementation of GCF results, portfolio management, monitoring and evaluation frameworks, with increased reporting of actual results and focus on extracting and sharing learning from GCF programming;
 - (ii) Establishing more structured forums for stakeholder engagement and expert feedback, learning loops and advice, adopting participatory approaches that draw on insights of affected communities, indigenous peoples, civil society, women, youth and academia; and
 - (iii) Housing and sharing climate investment data and knowledge, building systems and facilitating networks to promote free data-exchange, peer-learning and knowledge-sharing to improve investment design, access and impact.
- (d) **Organisational capacity and profile:**
 - (i) Reviewing GCF operational capabilities, across bodies and panels, to deliver the 2024-2027 Strategic Plan, taking account of the scale of GCF-2 replenishment;
 - (ii) Developing a more comprehensive outreach strategy to bolster GCF’s profile, widely communicating the Fund’s strategic vision and systematically sharing information on Fund results, and GCF and partner success stories on the ground;
 - (iii) Evolving GCF resourcing and budgeting frameworks to a multi-annual approach, more predictably aligning resources with results through an impact-orientation;
 - (iv) Maintaining administrative costs at the optimal level , ensuring sustainability of GCF’s operations; and
 - (v) Securing the Fund’s employee value proposition through an updated, principles-based human resources framework, maintaining a fill rate of over 90 per cent, based on open transparent and merit based recruitment and retention of professional, diverse, gender and geographically balanced staff.

VI. Implementation and Review

29. An updated results tracking tool, aligned with the GCF’s Integrated Results Management Framework (IRMF), will be developed and used to track progress toward the goals and commitments set out by the Strategic Plan. The Secretariat will report implementation progress to the Board at its first meeting of each year from 2025, informed by which the Board may

decide to take adaptive action or course correction, particularly in relation to progress toward the Strategic Plan's strategic goals.

30. Actions required to implement the Strategic Plan will be further detailed through the 2024-2027 workplans of the Board and its committees, Secretariat and independent units, with performance indicators aligned with the Strategic Plan results framework. These workplans will specify in further detail the priority actions and initiatives to be taken, along with associated budget and resourcing requirements. Overall, successful realisation of the Strategic Plan will depend on the scale of GCF's replenishments and adequacy of resourcing for delivery, for readiness, PPF, funding proposals, administrative budget and staff.

31. Prior to commencement of the GCF third replenishment process, the Independent Evaluation Unit will initiate the GCF third performance review. Findings will be delivered in time to inform the Board's consideration, from mid-2026 to mid-2027, of a review and update to the GCF Strategic Plan. This review will focus particularly on GCF's progress in contributing to its strategic goals, considering any updates needed to adjust the strategic goals, programming priorities, operational and institutional priorities for 2028-2031. This will be complemented by a second Secretariat-led overall review of GCF policy frameworks and an updated Secretariat assessment of how opportunities and risks related to GCF strategic programming have evolved for GCF-3, referencing global developments, developing country needs and GCF's evolving experience. This will be with the aim to finalise the update prior to conclusion of the GCF-3 replenishment process.