

## **GCF call for inputs on the review and update of the Strategic Plan for 2024-2027**

### ***Italy's comments***

Italy would like to thank the Secretariat for its efforts to conduct an open, inclusive and transparent consultation process to inform the update of the GCF Strategic Plan which will define and guide the GCF mandate in the forthcoming replenishment cycle. Following the discussion we, the GCF Board, had at B33 Informal Day, we would like to take this opportunity to make few comments in view of the draft USP 2 to be presented at B34.

Italy broadly agrees with the main key inputs well synthesized in the Co-Chairs Summary of the above-mentioned informal discussion. These inputs could guide the Secretariat in the design of a structured and ambitious USP 2.

We believe that it is critical to keep the ambition to deliver the mandate in line with UNFCCC and the Paris Agreement goals. This should be done enhancing the GCF strategic vision and how it would be implemented. In this regard, we would like to see:

- more result-oriented strategic objectives, supporting countries in the implementation of their NDCs/LTS/NAPs with the final objective to build on the paradigm shift creating a sustainable and green economy;
- more quantified, clear and achievable objectives in order to ensure and improve the accountability and the monitoring of the results, their impact and progress towards the implementation of the mandate and its objectives;
- more adaptation programming in order to enable countries to work on preparedness and readiness to negative impact of climate disasters. Efforts undertaken (i.e. guidance on the approach and scope to provide support to adaptation activities) should be fostered to support developing countries in adaptation investment planning and project preparation activities that are aligned with national climate strategies and plans. In this context particular support should be given to the most vulnerables (Africa, LDCs, SIDS). GCF investments in adaptation should focus on transformational and innovative projects, including to promote a greater engagement with international and domestic private sector (i.e., exploring insurance and markets for disaster risk reduction, mainstreaming of climate risk in investment decisions, etc.). GCF should also promote additionality throughout its adaptation portfolio, inter alia by strengthening and aligning complementarity and cooperation with other climate funds and investors, including MDBs and development finance institutions;

- strategic approach toward an enhanced use of the full suite of GCF financial instruments, including equity, guarantees and insurance solutions, as well as innovative financing instruments to support countries in building local finance market capacity and to diversify the GCF portfolio. In its catalytic role, GCF finance should be deployed hand-in-hand with supporting the creation of the legislative, institutional, investment-friendly enabling environments to support paradigm shifting pathways in the Fund's result areas. GCF-2 is the opportunity to better demonstrate business case for innovative climate finance instruments, based on country-ownership and demand-driven approaches that allow the GCF to create partnerships between the implementing and beneficiary partners. The overall aim of strategically planning the use of financial instruments is to support developing countries' national climate strategies and enable transformation of the economies towards low-GHG, climate resilient development;
- better definition of the GCF risk appetite in order to allow the Fund to work on its value added and deploy its comparative advantage investing where and how other actors cannot;
- greater role of the GCF in catalyzing and leveraging private finance, including by removing barriers, de-risking investment, build strategic partnership including between the international and local private sectors, in a way that can enhance the private co-finance ratio.

In our view, the Updated Strategic Plan for 2024 should not exclude an important review of the GCF Governance, with particular attention to the definition of the roles of each and all GCF bodies.

Finally, we would like to point out the need for the Fund to enhance the cooperation and coordination with the main International Climate Funds and Multilateral Development Institutions. This action would recognize the unique mandate of the GCF as the biggest climate fund, and would avoid the duplication of projects/programmes and any overlapping, so maximizing the global efforts of the international community in the fight against climate change.

We look forward to working with the Secretariat on the review and update of the new Strategic Plan.