



# Review and update of the GCF Strategic Plan

Thirty-fourth meeting of the Board  
Incheon, Republic of Korea



# PART I: LONG TERM VISION

## Strategic Vision – Inputs from the Review

- **Maintain the Board’s ambitious strategic vision, clarify how it translates into action**
- **Draw clearer links between the UNFCCC/Paris Agreement goals and cycle, and the GCF strategic vision, objectives and actions**
- **Better define the Fund’s approach to paradigm shift, including through a theory of change**
- **Clarify the GCF value-add in the climate finance landscape and risk appetite**

Materials available on <https://www.greenclimate.fund/about/stategic-plan/update>

# Rising to the climate challenge: what can GCF do next?



## FLAGSHIP FUND FOR IMPLEMENTING THE PARIS AGREEMENT / UNFCCC

DEPLOYING CLIMATE EXPERTISE THROUGH PARTNERSHIPS TO TRANSLATE NDCs/NAPs/LTS INTO INVESTMENTS & SYSTEMS CHANGE



## PATIENT SUPPORT TO BUILD THE CLIMATE INVESTMENT 'ECOSYSTEM'

DEVELOPING COUNTRIES 'PARTNER OF CHOICE' TO BUILD IN-COUNTRY INSTITUTIONAL KNOW-HOW FOR CLIMATE INVESTMENT – NDAs, DAEs, EE & FINANCIAL SYSTEMS



## PROGRAMMING FOR IMPACT IN AREAS WHERE GCF CAN ADD THE MOST

ENHANCED FOCUS ON ADAPTATION AND SOLUTIONS FOR URGENT VULNERABILITIES, AND CATALYTIC INVESTMENT COLLABORATIONS TO SHIFT PRIVATE SECTOR FLOWS



## MISSION-DRIVEN TO ENHANCE ACCESS AND DELIVER RESULTS

AN ORGANIZATION THAT HAS MATURED RAPIDLY AND SEEKS TO CONSTANTLY IMPROVE ACCESS, EFFICIENCY & EFFECTIVENESS

# Intro: Connecting the Strategic Plan to UNFCCC/PA goals



**Figure 1: Logic of the updated Strategic Plan for the GCF 2024–2027**



## Section I: Strategic Vision



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

(a) Promote the paradigm shift towards low-emissions and climate-resilient development pathways in the context of sustainable development

+

(b) Support developing countries in the implementation of the Paris Agreement and UNFCCC within the evolving climate finance landscape

BY

Strengthening the capacity of developing countries to translate their NDCs/ACs/NAPs/LTS etc into bankable investments

which are able to attract an increasing flow of finance and remove barriers to enable a just transition of energy, industry, infrastructure, ecosystems, societal and financial systems

to accelerate implementation and ambition over successive Paris Agreement cycles in line with UNFCCC/PA goals, with focus on most vulnerable, and promoting gender equality and human rights.

# Section I: Theory of change



## GOAL

The GCF promotes paradigm-shift in developing countries towards low-emission climate resilient (LECR) development pathways, in line with the goals of the UNFCCC and Paris Agreement

## THEORY OF CHANGE STATEMENT

**IF** GCF helps remove technical and financial barriers to climate investment in developing countries  
**THEN** developing countries will demonstrably shift towards LECR pathways by 2030  
**BECAUSE** finance will become available at scale for an increasing flow of bankable climate investments in developing countries that advance transitions in energy, industry, infrastructure, ecosystems and societal systems.

## OUTCOMES

**1: Transformational planning and programming:** Strengthened capacity and enabling environments for climate investment, and integrated and participatory investment planning to build high-potential pipeline.

**2: Catalyzing climate innovation:** Increased number and deployment of innovative & inclusive high-potential business models, instruments, technologies or practices successfully piloted and strong innovation ecosystems

**3: Mobilizing investment at scale:** De-risking and establishing a commercial track record to scale up pioneer investments, crowd-in private finance and increase local capacity to attract private capital for climate action

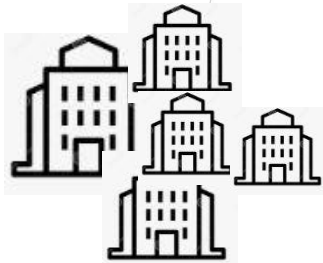
**4: Aligning finance with sustainable development:** Strengthened capacity of domestic financial systems to mainstream climate risks into financial decision-making, develop new financial products & services for climate

# Section I: Strategic vision



In actionable terms, GCF promotes paradigm shift through:

## PATIENT INVESTMENT IN THE 'CLIMATE INVESTMENT ECOSYSTEM'



### Mainstream climate change capacities and tools into investment decision-making:

- NDA/country-driven investment planning
- DAE/climate programming capacity
- Use of climate information & assessments
- Enabling environments
- National financial systems

## ACCELERATING THE RACE FOR RESULTS



### Exercise risk appetite and deploy concessional finance for mitigation/adaptation investments:

- Aligned with NDCs/ACs/NAPs/LTS
- Increasingly pursue systemic investment design
- Magnify impact of GCF concessional finance via innovation, scaling up, de-risking
- Address urgent needs of particularly vulnerable



## Section I. Strategic Vision – Discussion questions

- **Does the Strategic Vision adequately capture in more actionable terms the Fund's long-term ambition, in a way that clearly links to the UNFCCC and Paris Agreement goals and cycles?**
- **If not, what further refinements are needed?**



# PART II: MID TERM GOALS

## Strategic Objectives – Inputs from the Review

- Reframe strategic objectives to be more climate results-oriented and 'SMART', linked to NDCs/ACs/NAPs/LTS and country needs
- GCF has too many objectives/priorities – make *strategic choices* to focus and prioritize programming directions based on GCF comparative advantages
- More ambitious and specific objectives for adaptation (NB particularly vulnerable) and DAE programming; further nuance objectives on catalyzing private sector

Materials available on <https://www.greenclimate.fund/about/stategic-plan/update>

## Section II: Mid-term programming goals



### Step 1: Test possible types of mid-term goals and timeframe (“by 2030”):

(a) Promote  
paradigm shift to  
LECR development

(b) Support  
UNFCCC & PA  
implementation

#### “Building a climate investment ecosystem”

Every developing country capacitated to access, analyze and use climate information for early warnings and investment planning

Every developing country able to access support to complete and periodically update NDCs/NAPs and translate to investment plans

More than double number of DAEs actively programming and implementing GCF funding

At least # developing countries supported to mainstream climate into national financial systems, including establishing green banks

All AEs with active strategies to mainstream climate into their wider investment portfolios

#### “Accelerating the race for results”

1+ billion beneficiaries, 5 GT CO<sub>2</sub> avoided; 100 billion USD finance mobilized

# developing countries supported to mature markets for RE & plan for just energy transition

# countries (NB. SIDS/LDCs/Africa) supported to build resilience of critical infrastructure

# countries vulnerable communities (NB SIDS/LDCs/Africa) supported via EDA/locally-led action

\$ enhanced access to finance for MSMEs and smallholders for LECR crops, products, services

% increase in area covered by ecosystem conservation, restoration & supply chain initiatives

% increase in coverage of EWS

## Section II. Mid-term programming goals

**Initial 'test group' of mid-term goals have been selected based on:**

- Understanding of “key areas” of developing country needs
- GCF programming track record
- Measurability under IRMF/RRMF

**Subject to Board feedback on overall directions, further analysis would be done to refine goals, model implications and advise on aligning programming strategy**

- Important to select an achievable number of targets, be clear on implications for programming strategy and resourcing – and avoid creating too much complexity/entrenching trade-offs

# Section II. Aligning programming directions



## Step 2: Craft programming directions aligned with mid-term goals

Mid-term goals (TBD)

Programming strategy

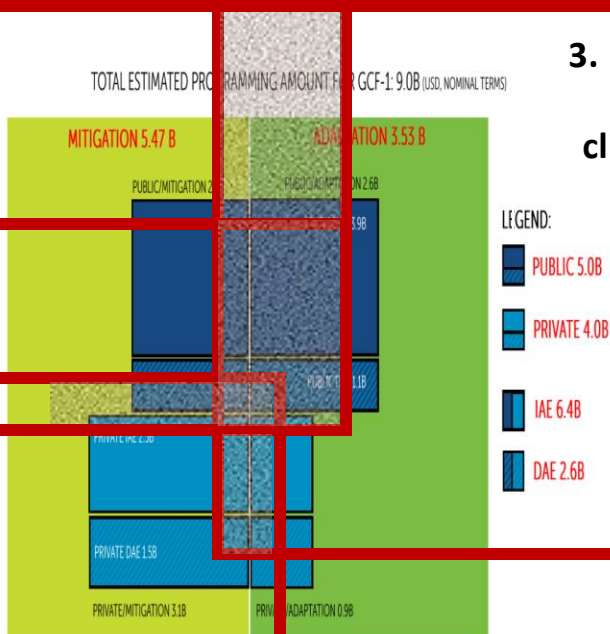
GCF-2 - proposals

1. Investing in institutions and pipeline ('investment ecosystem')

2. Unlocking potential for scale in high-impact areas (public)

4. Taking chances on innovation

5. De-risking to catalyze private sector investment at scale by establishing new markets & assets classes



3. Addressing urgent vulnerabilities to climate change, incl. EWS & locally led action

Predictable support for climate investment readiness and institution strengthening (5-7%)

Greater share overall to adaptation (50%+), with allocations/floors/RfPs as appropriate for:

- Particularly vulnerable (LDCs/SIDS/Africa)
- Addressing urgent vulnerabilities through EWS and locally-led action
- Unlocking potential in high impact areas, eg NBS and blue economy
- PSF exploring private sector potential

Mitigation through catalytic investments:

- PSF to accelerate market creation
- Public to unlock barriers

Cross-cutting commitments to increasing DAE and PSF

# Section II. Aligning programming directions



**Step 3: Analyze feasibility/trade-offs of pursuing different programming directions, as well as resourcing and risk implications, to allow Board to make informed choices**

In determining GCF Programming directions...

...consider overall portfolio risk profile...

... and resourcing required to deliver

Example

### 1. Investing in institutions and pipeline ('investment ecosystem')

Current allocation: RPSP & PPF (Approx 500m for GCF-1); DAE share of portfolio - x-cutting

### 2. Unlocking potential for scale in high-impact areas (public)

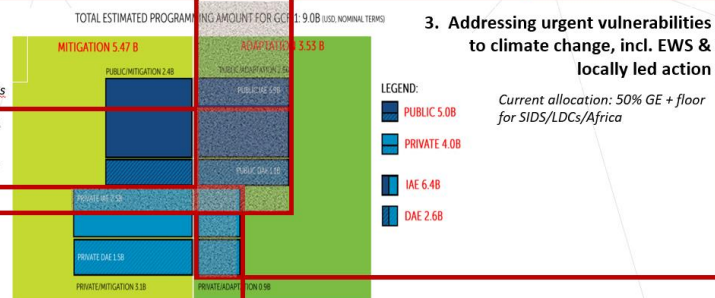
Current allocation: NA, possible RfPs

### 4. Taking changes on innovation

Current allocation: NA, possible RfPs

### 5. De-risking to catalyze private sector investment at scale by establishing new markets & assets classes

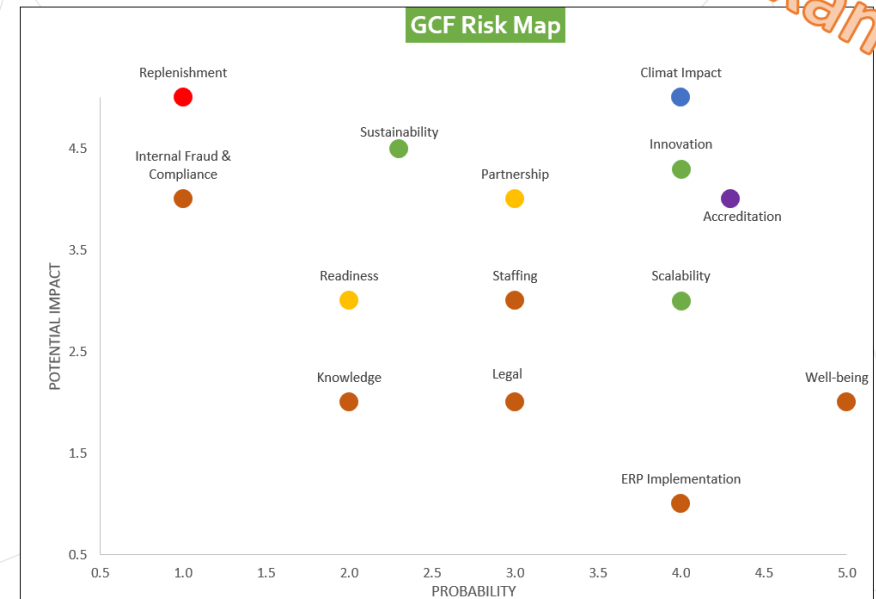
Current allocation: 20% to PSF in GE



### 3. Addressing urgent vulnerabilities to climate change, incl. EWS & locally led action

Current allocation: 50% GE + floor for SIDS/LDCs/Africa

- 1. Country Capacity
- 2. Pipeline
- 3. Climate result
- 4. Access
- 5. Expertise/Performance
- 6. Replenishment



## Section II. Mid-term goals – Discussion questions

- **Do the types of mid-term goals proposed in the strategic objectives and programming directions help set clearer, more climate results oriented goals for GCF going forward?**
- **What is the most appropriate timeframe for mid-term goals?**
- **Does this section adequately clarify how GCF will direct its programming to support its goals, and where its 'value-add' is relative to others in the climate finance landscape?**





# PART III: LINKAGES TO OTHER STRATEGIES

## Strategic & Institutional Priorities – Inputs from the Review

- Inputs included many perspectives on strategic and institutional priorities – the ‘how’
- Valued core elements of the GCF operating model – partnerships/accreditation/PSAA, readiness/PPF, country ownership, SAP/RfPs/EDA/programmes, instruments, private sector – but many ideas to better adapt these to improve delivery of results and access
- Valued increased GCF organizational maturity, identified some remaining action areas related to governance, policies, processes, capacity including regional presence

Materials available on <https://www.greenclimate.fund/about/stategic-plan/update>

## Section III & IV. 'The how' – linkages between strategies

Zero draft includes annotations on strategic priorities, operational goals and institutional priorities, rather than fully developed text

- 'How' should flow from the 'what' (strategic vision and objectives)

**Seeking steer from Board on the level of detail to be included in the Strategic Plan vs other strategy documents**

- Private sector strategy, adaptation guidance, direct access action plan concluded
- Accreditation strategy, readiness strategy, updated PPF modalities, update of country ownership guidelines in progress
- Board, Secretariat and IU work plans can also take up implementation level detail

# Linkages between strategies



## Governing Instrument

USP 2020-23 >>>

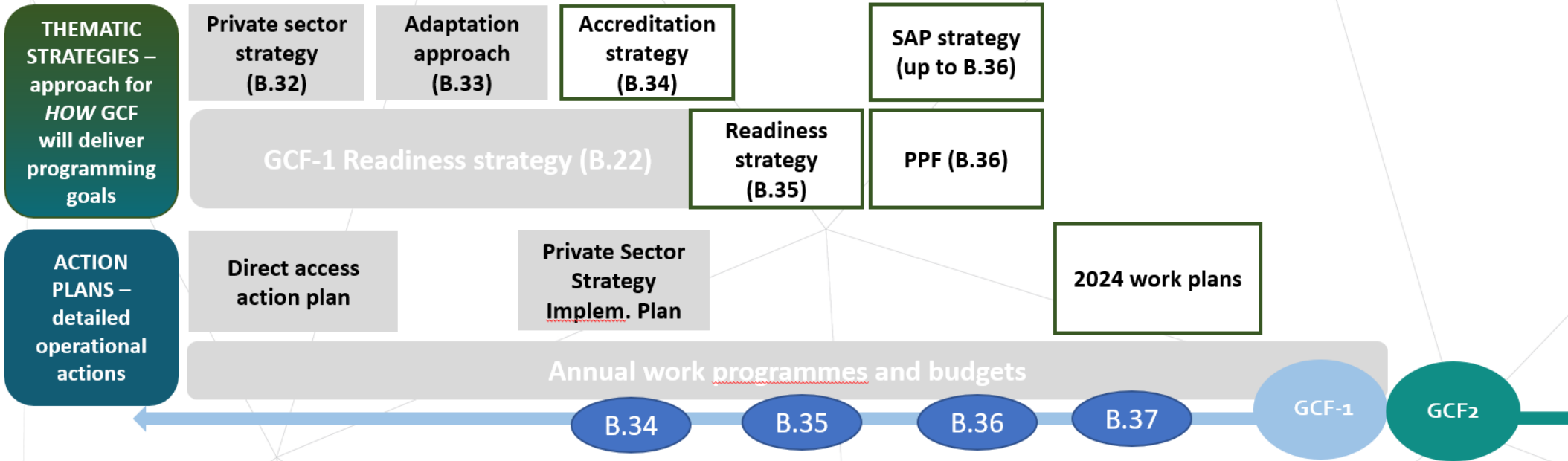
**USP-2 REVIEW & UPDATE**

- Set long-term strategic vision
- Set programming goals/directions
- High level directions/focus areas for refining operating modalities

GCF-1 portfolio allocation parameters (per Decision B.27/06)  
GCF-1 resource allocations (per GCF-1 commitment authority)

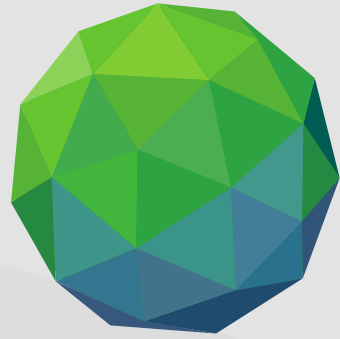
**ALLOCATIONS**

- Update IF portfolio allocation parameters
- RfPs
- Readiness/PPF budgets



## Section III. Linkages to other strategies – Discussion questions

- **To what extent should matters related to ‘how’ the strategic vision and objectives are implemented be taken up in the Strategic Plan (i.e. in the strategic and institutional priorities) or through other strategies and planning documents?**
- **What is the most appropriate level of content and detail for the Strategic Plan vs other documents?**



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