Inputs from Spain: review and update of the Strategic Plan for 2024-2027

1. Does the GCF's long-term strategic vision – of promoting paradigm shift and supporting developing countries in the implementation of the Paris Agreement and UNFCCC – remain relevant and ambitious? Has the GCF set out sufficiently clearly how it will deliver its long-term strategic vision?

GCF's long-term strategic vision should be embedded in the global climate finance landscape, to ensure that it is in line, complementary and bring value in this broad context.

The GCF should take a leadership role through transformative change, so the focus should not be limited to meeting the targets set out in current NDCs and other national climate strategies and plans, as these targets will be reviewed periodically. The GCF should help countries to increase the level of climate ambition in their NDCs to move towards long-term goals, considering the outcomes of the Global Stocktake processes of the Paris Agreement.

2. What global, regional, national and subnational developments, trends, needs and opportunities relevant to adaptation and mitigation programming in developing countries should the GCF take into account in preparing for its second replenishment period? What lessons can be learned from experience to date?

The GCF should seize every opportunity, global trend or international scenario to deliver climate outcomes. Recovery from the pandemic and the current energy and food crisis should be seen as opportunities to move towards resilience and net zero commitments. The GCF should help countries move forward to reduce vulnerability and improve wellbeing through climate actions such as climate-resilient agriculture and cities, sustainable mobility, energy efficiency, renewable energy, healthy forests, etc.

Regarding the lessons learned, we consider that the GCF should consider those related to the general functioning of the GCF since its creation and those derived from the first replenishment process. We should learn from what stakeholders are telling us when dealing with the GCF. Problems and difficulties in access to financing, long bureaucratic processes and a bureaucratic burden which makes the GCF not agile, has originated missed opportunities.

We see a need to improve GCF governance, particularly at the Board level. The current governance, based on two constituencies, is not suited for a fund that needs to be agile and responsive. The governance of other international financial institutions, based on one board approach with a Secretariat empowered and an effective voting system, has proven to be more efficient. This is also relevant to ensure that policies related to the UPS are approved on time, that is, just at the beginning of the replenishment cycle and not during or at the end of the replenishment cycle.

3. How should GCF further elaborate its role within the climate finance landscape, in light of its comparative advantages? How should GCF seek to differentiate its focus from other sources of climate finance? Where are the opportunities for complementarity, coherence and partnerships with others?

The GCF should promote comprehensive approaches that lead to results in terms of mitigation, adaptation and other co-benefits linked to climate actions. For instance, we have seen good examples of cross-cutting projects in the last B33, fostering synergies between mitigation and adaptation. The second USP progress report indicates that 64% of private sector proposals in the pipeline are in mitigation. The private sector is traditionally focused on mitigation, so promoting cross-cutting projects is a way to engage the private sector in adaptation initiatives. Such holistic interventions will reinforce GCF partnerships and could lead to the provision of higher level of concessionally.

The GCF has an important role on de-risking of private sector investment in developing countries, particularly in areas where private sector investment does not conventionally flow (adaptation, new asset classes, new markets etc), would also contribute to a paradigm shift.

The GCF has a comparative advantage on working with DAEs. The GCF needs to keep on supporting DAE s access through readiness and PPF, and knowledge sharing from IAEs to DAEs. Also, DAEs have also an important role to attract private sector.

The GCF, should deploy innovative & inclusive high-potential business models, financial instruments, technologies, or successful practices and share them with other financiers like the CIF´s and the GEF (and vice- versa). Sector guides are very useful material that could be shared with the GEF and the CIFs to favour knowledge sharing.

On the broader landscape of climate finance, the GCF's comparative advantages position it to serve as both an accelerator and an amplifier in relation to other climate funds, such as the Adaptation Fund, the CIF and the GEF. This is due to its ability to use its range of instruments and to combine its funds with multilateral development banks and development finance institutions to build the financial sustainability of climate investments and by being able to take advantage of their ability to partner with a wide range of actors with the aim of reducing risks and catalyzing private investment in climate projects and create bankable assets.

There have been efforts to promote complementarity and coherence including actions to maximize climate action benefits for recipient countries among climate funds, for example scaling up and replications in their portfolio of projects and programmes. The GCF should continue to foster its collaboration with other climate funds.

4. Do the CGF’s strategic objectives and portfolio targets capture appropriate ambition for the second replenishment period? How could GCF evolve these in

a way that sets clear, actionable, measurable programming goals aligned with its strategic vision?

Both IEU evaluations and Secretariat reviews identified shortcomings in project level monitoring and reporting frameworks. The operationalisation of the recently approved IRMF (in B29), will show to which extent results are aligned with the GCF strategic objectives.

In regard to the initial investment framework, some of the allocation parameters included in the portfolio targets could improve their robustness and it may be appropriate to attach quantitative figures in light of the GCF1 period. We refer to parameters such as "supporting developing country mitigation activities" or "support for readiness and preparatory activities", which should evolve towards a more action-oriented and decisive approach.

5. How can the GCF better respond to developing countries mitigation and adaptation needs and ensure country-ownership of programming? What role should the readiness and preparatory support programme, support for national adaptation planning, and country programmes play?

GCF has an important role to strengthen institutional capacities and create bankable climate investments. We welcome that Readiness has evolved beyond capacity building to engage GCF towards a broader range of interventions that support the implementation of NDCs, adaptation plans and long-term climate strategies. The GCF Regional presence assessment should include a range of opportunities to streamline and improve the accessibility of readiness.

The readiness and preparatory support program (RPSP) role is central to prepare successful ownership of future GCF projects. These programs facilitate the dialogue between the beneficiary Government and the GCF and allow to think how a climate project could better serve the country achieving its NDC plans and its net zero pathway. Going forward, the RPSP should further assist countries build the institutional capacities, integrated planning and policy responses and financing strategies to create bankable climate investments, especially supporting countries in their adaptation programming priorities.

6. How should GCF continue to build its paradigm shifting portfolio through its next programming period? What opportunities for adaptation and mitigation programming, and opportunities to improve the funds programming processes, can the GCF capture?

A paradigm-shifting portfolio clearly needs to strengthen the capacities of focal points/NDAs and the linking of GCF activities to national governance systems, supporting country-driven investment planning and enhancing broad partnerships. The sectoral guidelines should not be seen as mere publications, but as working and knowledge-sharing tools. Opportunities for improvement to overcome operational bottlenecks in GCF programming should be based on a coherent flow of information between the new USP, the second replenishment process and the findings identified by the Independent Evaluation Unit (IEU) in the SPR. Moreover, we see a need to clarify GCF's role in supporting developing countries to respond to loss and damage associated with the adverse effects of climate change.

7. Building on its private sector strategy, what actions and partnerships should GCF pursue to catalyze private sector finance at scale?

The second USP progress report indicates that the allocation under the Private Sector Facility declined in 2021 and just 16% of the total portfolio, in grant equivalent terms, has been approved through PSF. At B32, we requested more action-oriented work, operationalization and targets. We therefore see the need to strengthen an action plan attached to the private sector strategy and the private sector outreach plan. We would like to point out the need to enhance the private sector contribution towards developing and implementing NAPs. Finally, the GCF Regional presence assessment should include a detailed analysis of the possibilities and actions to enhance local private sector engagement.

The GCF could promote and facilitate contacts (through partnerships/ workshops/ success stories sharing) between local DAEs and the local private sector, in order to catalyse private sector finance and at the same time to encourage just transitions which benefit local economy.

8. What steps can GCF take, in collaboration with its country partners, accredited entities and delivery partners, to ease and accelerate access to GCF resources, as well as strengthen the role of Direct Access entities?

The GCF need to strive for the right balance among requirements requested to its partners and the need to ensure swift access to GCF resources. Both are as relevant. The main goal is to ensure that the requirements requested are only the ones needed to ensure that GCF resources are used to achieve GCF’s mandate and in a manner that fulfill GCF standards. We also consider that the approval process could be expedited for small projects and small risks.

DAEs account for only 20% of the requested funding in the GCF funding proposal pipeline, so there is a need to further improve the efficiency and scale-up of the Project Preparation Facility (PPF). In the SAP pipeline, 60% of the requested GCF funding is from DAEs and around 97% targets adaptation and cross-cutting results. Given these figures, we highlight the importance of south-south knowledge sharing which is crucial to address adaptation and nature-based solutions, highly constrained by local conditions. We support enabling co-leadership arrangements in funding proposals, allowing International Accredited Entities (IEAs) to work closely with DAEs and strengthening their capacities. We encourage the ongoing work on PPF proposals to create scalable models to support climate technology incubators and accelerators.

9. What enhancements or adjustments to operational modalities, policies or institutional capacities might be required to support successful execution of the GCF's strategic vision and programming priorities?

Broadening partnerships and reaching out to potential stakeholders must take place in an atmosphere of trust and certainty. The access to GCF funding must not to be perceived as bureaucratic or lengthy. On the contrary, an image of predictability and credibility should be conveyed, and successful projects should be publicized, and the knowledge generated and lesson learned should be widely shared. The recently approved principles for demonstrating climate rationale should ensure the quality and consistency of proposals in the Secretariat and ITAP assessments.

Furthermore, a new, more operational, streamlined, and effective accreditation strategy must be implemented, prioritizing the accreditation and reaccreditation of AEs that have clear targets and policies in place to promote the paradigm shift towards low emission and climate resilient development pathways

The Secretariat should have the adequate amount staff to be able to process an increasing workload. An adequate and transparent salary structure is paramount to been able to attract and retain talent at the GCF, also by increasing flexible working arrangements. Besides, the pros and cons of a regional presence need should be analyzed and discussed.

10. Are the measures for measuring, monitoring and reporting progress towards the GCF's strategic vision, objectives and priorities sufficient, or how could these be strengthened?

Countries are expected to increase climate finance in the coming years and decades, so there is a need to advance coherent results management in collaboration with other climate funds. Countries will therefore be increasingly interested in having access to results on the ground, receiving information at sub-project level on executing and implementing agencies. We consider of the upmost importance that the GCF publishes disaggregate information on the use of its resources, particularly at sub-project level on procurement, to enhance transparency.

The Integrated Results Management Framework (IRMF) should evolve in the light of science, encouraging analysis of useful disaggregated data and working on results on innovative approaches and new areas of knowledge such as nature-based solutions.

The Secretariat could keep on organising webinars for AEs to disseminate information about the updated version of the funding proposal template which reflects the requirements of the newly adopted IRMF.