Dear GCF Secretariat,

I refer to your message on 18 November in which you invite participants to the replenishment process to provide inputs on the updated Strategic Plan for the 2nd GCF replenishment period.
Please, kindly take note of the following initial and preliminary comments on the zero draft circulated as documents GCF/B.34/Inf.17 and GCF/B.24/Inf17/Add.01.

In general, we found the zero draft to be substantive, comprehensive and addressing key challenges. We appreciate the overall strategic direction as outlined. While any document of this kind, would have to cover a broad range of issues, and perhaps inevitably at times point into different directions, coherence is of essence and we would like to highlight a number of specific issues and priorities.

With reference to document GCF/B.34/Inf.17:

Chapter II. "Context for the update of the Strategic Plan for 2024-2027

Para 20-22: We agree on the importance of initiating a process where various strategy, policy and planning documents can be consolidated into an integrated strategic planning and programming approach. And where each document is given its proper place within a strategic planning structure. The strategic plan offers an opportunity to focus on the unique business model of the Fund, its comparative advantages, and should stay clear from mission overload or fragmentation.

Para 34: We read this paragraph as a way to capture a two-pronged approach to be taken by the Fund. On the one hand to serve as a "powerful drop" in channelling climate finance and catalysing wider finance, to maintain its primary character on being an investment fund – not a capacity building mechanism- and in building investment collaborations to maximize the finance deployed for developing countries' climate priorities. And on the other hand, recognising the necessity to broadening the institutional know-how and human expertise to integrate climate change into investment and policy planning. Capacity and competence is necessary to translate financial support into successful climate action in the relevant developing countries. We are supportive of this two-pronged approach with the different levels of emphasis given in the draft, where priority is given to the first part of this approach.

Institutional capacity is of paramount importance for any public or private administration set to translate resources into actual investments and programmes. However, climate action is fundamentally no different from other forms of government policies and work, and must become a integral part throughout public administration. Hence, it should be treated as such. While it is of course the prerogative of any government to decide, it is for the Fund important to identify, assess and work with those ministries and bodies within Government, which are influential when it comes to integrating climate action into the general economic and investment policies. Such as Ministries of Finance or Planning. Secondly, the Fund's specific comparative strength must be preserved, and instead of taking it on itself, it should seek collaboration with other development partners, when it comes to supporting institutional capacity-building, in particular concerning the more general basis for climate action. Public administration reforms may be necessary to ensure successful climate action, and may well be a prerequisite for the Fund to step in with finance. However, international assistance to this end may be provided by other partners, multilateral or bilateral ones.

In general, we concur with the five distinct strategic priorities for 2024-2027, as formulated in para *34 (g),* and take note that these priorities have as yet not been elaborated in detail. We sympathise with a sentence like: "This recognizes that GCF's institutional work is an important contribution in itself, while its priority around enhancing access is much broader than its AE relationships".

With reference to document GCF/B.34/Inf.17/Add.01.:

Para 8-9: While it is understood that this falls under the chapter "Strategic vision of the GCF", the text in para 8 and 9 could either be read as far-reaching and all encompassing or in a more narrow but still critical sense. We prefer the latter. There is no doubt that finance at scale is likely to be necessary to support a “just transition of energy, industry, infrastructure, ecosystems, societal and financial systems”. However, financing widespread structural reforms of any society into a new ‘climate economy’, cannot rest solely on GCF funding. The Fund does have a critical role to play here, but should perhaps be more clearly defined than what is presently formulated in para 8-9

Chapter II Strategic objectives and programming directions
Para 14 This para sets out how GCF will direct its programming and engagement with an ambition towards 2030. Para 14 (e) says that “All GCF accredited entities have active strategies to mainstream climate considerations in their wider investment portfolios”. In our view, expectations must be higher than this. For example, the ambition should be that accredited entities wider investment portfolios are aligned with the latest climate science and the goals set out in the Paris Agreement.

We would also prefer a text which further elaborated on how accredited entities fit into the proposed strategic priorities, and how the process for handling future applications for accreditation are done with a view to achieve these strategic priorities.

Chapter III. 3.1 Strengthening country-owned, integrated investment planning
Para 20 (d) about “ Promoting a more proactive GCF role in guiding programming and supporting project design….”. While the intentions may be the best, this seems to invite short-cutting and go against the overall message that national ownership must be strengthened and prevail.

Para 21 (b -c) about “ Better defining what country ownership means in GCF’s partner-based business model” and “ unpacking what country ownership should entail beyond the no-objection procedure to allow developing countries to participate more fully in investment origination and execution”. These two sentences suggest that a very low threshold exists in defining what constitutes ‘national ownership’. Clearly, for investments and projects to be viable and sustainable over time, there is a need for higher standards in terms of national ownership.

Chapter III 3.3. Catalysing private sector finance at scale.
Para 25. We would prefer reference to the Paris Agreement, and if possible to its paragraph 2.1.c

Chapter III 3.4 Collaborating to strengthen the climate investment ecosystem and green financial systems.
Para 28. This paragraph captures well how GCF should position itself within the wider climate investment ecosystem, and it resonates well with our own view. Para 29-30 provides a number of detailed elements on what this would mean in practice. While references are made to the financial systems and to other climate related funds, we like to see clearer references to the wider development community, whether they are bilateral partners or multilateral/UN bodies and agencies.