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Synthesis of submissions and inputs on the review and update of the Strategic Plan 2024-2027

Through decision B.32/04 the Board decided to conduct an open, inclusive, transparent consultation process to inform the review and update of the Strategic Plan. This paper synthesizes submissions and inputs received from fund stakeholders by 31 August 2022. Inputs have been clustered under thematic headings that broadly correspond to the structure of the GCF Strategic Plan 2020-2023.

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I. Introduction

1. Through decision B.32/04 the Board decided to conduct an open, inclusive, transparent consultation process engaging Board members and alternate Board members, national designated authorities, accredited entities, active observers, observer organizations and parties to the United Nations Framework Convention on Climate Change and the Paris Agreement, members of GCF panels and groups including the Indigenous Peoples Advisory Group, and other stakeholders to inform the review and update of the Strategic Plan. As part of this process, the Secretariat put out a call for inputs from all fund stakeholders on the review and update of the Strategic Plan 2024-2027, with a requested submission date of 10 August 2022.

2. Up to the date of publication of this synthesis, the Secretariat has received written inputs from 14 Board members/alternates/groups, 6 NDAs, 8 AEs, 5 observers including a joint submission by the GCF Observer Network of civil society organizations, Indigenous Peoples and local communities, and 2 parties to UNFCCC. The Secretariat also received further inputs via consultation sessions with observers and developing country Board members and alternates. The Secretariat will continue to publish on the GCF website additional submissions received after the date of this report.

3. Submissions have been synthesized under issue-based headings in accordance with the structure of the Strategic Plan 2020-2023. While original language of submissions has been kept where possible, given the number and length of submissions, as well as overlap in content, they have been edited and summarized for the purposes of this synthesis.

II. Synthesis of issues for consideration

2.1 Inputs and Approach to the review and update of the USP

2.1.1 Consultation approach

4. Various submissions indicated the consultation process should be open, inclusive and transparent, with active participation of various stakeholders so as to hear their views and needs, solicit their advice, and explore how they can assist GCF in delivering on USP-2. Multiple stakeholders noted they are pleased with the opportunity to participate in the process of reviewing and updating the Strategic plan 2024-2027, an important milestone for the fund in becoming more effective and efficient.

5. In updating the USP, submissions included suggestions to refer to inputs in the Co-Chairs Summary of the B.33 informal discussion and the five Roadmap reports produced for the UN High-Level Dialog on Energy.

2.1.2 Review and learning

6. Several submissions touched on the importance of **learning from GCF activities**, necessary for the GCF to execute its vision through efficient use of resources, new initiatives, and quick response to ever evolving needs. Some submissions included specific suggestions for improving the learning process from ongoing investments to inform future investments through considering, among others:

(a) Lessons related to the general functioning of the GCF since its creation and those derived from the first replenishment process;

(b) Stakeholders' inputs and perspectives on dealing with the GCF;

(c) Current success and failures of GCF funding and its adaptability to other countries and regions at a global level;

(d) Cross learning between countries, key to push the agenda on mitigation and adaptation;

(e) Findings of the policy review, as well as summary findings of the second performance review, as outlined in decision B32/04; and

(f) IEU's growing catalogue of studies, identifying opportunities for the GCF to improve across the board, including in policy implementation and programming processes.

2.1.3 Emerging trends, opportunities and needs

7. On **developments, trends and needs** that the GCF should consider in its second replenishment, several submissions highlighted the:

(a) Evolving global climate finance architecture;

(b) New scientific findings that provide further evidence of the increasing urgency of action to address the climate crisis, including the IPCC reports;

(c) Increasing needs of developing countries for climate finance; suggestion was made for GCF to carry out a robust analysis of developing countries climate change plans and policies, indicating the level of climate finance needs for developing countries and helping GCF align in its objectives to support countries in translating their NDCs, ACs, NAPs and Long-term national strategies into transformational investment strategies and project pipelines informed by the goals in the Paris Agreement;

(d) Upcoming adoption of a post 2020 global biodiversity framework under the UN Convention on biological diversity and importance of nature-based solutions;

(e) Ongoing Covid-19 pandemic;

(f) Changes in the global political and economic landscape, including the conflict in Ukraine, energy and food crisis, and countries dealing with a triple crisis of high-inflation, hunger and over-indebtedness, demonstrating the need to integrate better with the humanitarian and development finance; and

(g) Change in populations and demographics.

8. On specific **opportunities** to take advantage of, submissions included:

(a) Capitalizing on new energy compact commitments from governments, private sector and philanthropic foundations during UNGA 2021, that present opportunities to attract additional resources for benefit of developing countries. GCF should work closely with countries that pledged new commitments beyond their NDCs, engage with the private sector and other stakeholders that pledged support;

(b) Role of CCS that is increasing in NDCs, with around 80% of LT-LEDS submitted to the UNFCCC recognizing a role for CCS, a key technology to achieve the Paris Agreement objectives and drastically decrease global emissions in a relatively short timeframe;

(c) Increasing use by countries of market/price-based mechanisms to mobilise climate financing in addition to ODA allocations. While carbon markets are a powerful tool to get more private capital flowing in a cost-efficient manner, climate funding, to date, is rarely used to create the carbon markets in which private sector and their investments can thrive in. Following approval of the Article 6 rulebook at COP26, there is an urgent need to approach this issue more holistically and capitalise on the complementarities that exist between climate and carbon finance;

(d) Supporting, upscaling or replicating initiatives by GCF observers, specifically the GCF observer network of CSOs, IPs and Local Communities, such as the Indigenous Peoples' Tracker on green Climate Fund projects and Southern CSO-led initiative established to help promote and accelerate Southern CSO readiness to engage the GCF;

(e) Considering the emerging African Continental Free Trade, lacking a framework on green growth and environment. The increasing volume of trade would result in increased green emissions from the production and transport activities that will offer opportunities for the GCF to support green growth paradigm on the continent; and

(f) Endorsing the Principles for Locally Led Adaptation as part of the 2024-2027 strategy, or, at minimum, identifying a mechanism for analyzing how to incorporate the Principles into future adaptation programming.

2.1.4 Role and structure of the USP

9. On the structure of the USP, submissions included that the overall vision, strategic objectives/programming goals, strategic priorities, and finally strategic policy guidance should be elaborated in distinct chapters of the USP-2, also noting that the current structure is helpful for AEs and NDAs in developing workplans, and keeping such structure makes sense.

10. A few submissions touched on the **role of the USP**, noting that it should:

(a) Reflect the Governing Instrument, the Convention and its Paris Agreement;

(b) Turn the objectives, purpose and vision contained in the GI into a strategy for the Board to articulate priorities, set outcomes and results the Fund wishes to achieve over the next decade, and align these with an action plan that can be measured;

(c) Be much more forward-looking and align with the NDC cycles;

(d) Articulate how GCF will engage in risk-taking for impact and operationalize GCF's high risk-appetite;

(e) Articulate the role of the private sector facility, particularly with regard to meeting the strategic objectives and quantifiable goals of the USP-2, as well as the role of public/international AEs who can engage with the private sector on GCF's behalf;

(f) Identify timelines and milestones for the implementation of the various priorities, and clarify how GCF's strategic vision can be translated into action more effectively;

(g) Clarify responsibilities for implementation between different institutional actors (Board, Secretariat, Committees). These points are critical for a stronger operationalization of USP-2, increasing the binding nature of the GCF's strategic vision;

(h) Be consistent with the principles of equity and common but differentiated responsibilities;

(i) Remain clear, concise and strategic, and not be too detailed or cumbersome; and

(j) Be consistent and promote synergy with board decisions and priorities.

11. Some specifics were offered regarding what the **USP should not** seek to accomplish, including that it should:

(a) Not change the objectives and character of the GCF, specifically core principles and parameters that have been agreed upon by the COP and the Board;

(b) Not depart from the provisions in its governing instrument;

(c) Not replace the approved 4-year work plan of the Board, influence policy matters already mandated and included in the Board work plan, or attempt to prejudge or determine the outcome of the Board's policy review processes;

(d) Not introduce new conditions on accessing GCF resources;

(e) Not alter operational matters and priorities that are better addressed under the Secretariat administrative budget and annual work plans; and

(f) Not interpret guidance from the COP, as this must be contextualized by the Board and not randomly selected.

2.1.5 Links to replenishment and resourcing

12. A couple of submissions touched on the matter of financial resourcing for the GCF. These submissions noted:

(a) There is a huge finance gap between where we need to get and where we are, and the GCF must channel the lion's share of resources developing countries need — this must be the context of the USP review and update;

(b) Developed countries should fulfil their financial commitments. The GCF should maintain public finance from developed countries as the primary financing channel, and mobilize private finance on that basis;

(c) Determining adequate resource levels for the Fund should not be an exercise of merely matching resources required with what developed countries are prepared to contribute. Rather the focus ought to be on what difference the Fund can/will make in the result areas over what time period;

(d) The report of the Standing Committee on Finance (SCF) makes it increasingly clear that the initial $100 billion target of the GCF will not be able to sufficiently support the needs of developing countries. The level of ambition of the GCF both in terms of resource generation and in meeting the urgency of these needs should be increased; and

(e) Interest in an indicative figure on GCF-2 replenishment target and expected contribution towards countries' NDCs.

2.2 GCF Role, comparative advantage, complementarity & coherence

2.2.1 Role of the GCF

13. In relation to the role of the GCF, submissions highlighted the Fund's critical relevance for the implementation of the UNFCCC and Paris Agreement, in providing developing countries with access to finance for climate action. Submissions also touched on the GCF role in contributing to the global finance goal, as a public financier also able to catalyze private finance.

14. Observations on the overall role of the GCF included that the Fund should:

(a) Be the flagship fund for implementation of the Paris Agreement, demonstrating with transparency and accountability what effective climate action looks like. GCF-funded climate action must demonstrate the efforts necessary to limit warming to 1.5°C. It should implement ambitious climate solutions that are firmly anchored in human rights, gender equality, and country ownership;

(b) Recommit to its mandate and be more ambitious by leaning into its comparative advantage and catalysing paradigm shift; should avoid top-down, market-based approaches with little accountability or engagement of people;

(c) Provide greater access to climate finance for developing countries to facilitate the transition of their economies and sectors for both reducing emissions and building resilience;

(d) Enhance the role of public finance in line with the existing financial commitments to support transitions of economies;

(e) Strengthen the role of private finance, i.e., understanding and accelerating support of low–carbon transition in developing countries;

(f) Co-fund large transformational multi-donor initiatives, including private sector. GCF could provide seed money to incentivize other financiers to collaborate. This may reduce the number of deals p.a. that GCF co-funds, and better align GCF capacity with requirements; and

(g) Not become a climate knowledge hub or increase focus on capacity-building activities beyond the current level, but remain a climate finance provider.

2.2.2 GCF comparative advantage

15. Numerous submissions highlighted that in executing its mission the GCF must build on its comparative advantages. Multiple stakeholders identified as unique comparative advantages the Fund's use of a variety of financial instruments, and the capacity to engage in innovative and high-risk ventures.

16. Inputs from submissions also related the Fund's comparative advantage to:

(a) Providing balanced funding for climate adaptation as compared with mitigation, a feature no other development institutions matches;

(b) Implementing projects through unique country-driven programming, tailored to help developing countries operationalise their climate plans;

(c) Working with DAEs;

(d) Funding bigger projects compared to other institutions, with the scale and scope of GCF investment allowing it to build on successes, pilot innovative technologies and practices, support risk reduction including helping bring down cost of capital for investments and convene sources of financing for truly integrated solutions for scale of impact;

(e) Addressing longer-term interventions such as stabilization, carbon storage, and adaptation than immediately pressing challenges, considering the lengthy project / programme development and review processes; and

(f) Working within the framework of UNFCCC decisions, which gives countries comfort of working within a multilaterally agreed set of rules.

17. A submission also noted that GCF should refer to findings in recent and ongoing evaluations, including by the Independent Evaluation Unit on the GCF's adaptation approach and the second performance review, in deciding how the GCF positions itself. Further, GCF comparative advantage should be explored through examining past projects.

2.2.3 Complementarity and coherence

18. In relation to complementarity and coherence, several **key differences were noted between the GCF and other funds**, including that funds are accessed by different entities and present different project opportunities; have different mandates, allocation targets and focus areas; and offer differing levels of concessionality.

19. On **differentiating** the GCF from other institutions, several submissions noted that:

(a) There is now a diverse variety of actors in the climate finance landscape, from Multilateral Development Banks to specific Government and private sector climate funds as well as bilateral donors and other players. This makes it more pressing for the GCF to further elaborate its role and differentiate its focus within that landscape, to improve effectiveness and complementarity;

(b) The increasing climate focus of other development finance institutions makes the case stronger for the GCF to focus on high quality, paradigm-shifting projects. The GCF could make funding available for areas where MDB do not step in due to reasons, e.g., scale, risks, & need for capacity development;

(c) Since its inception, the GCF aims at specifically catering to the needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States. Middle-Income and large Emerging countries can be better served by other sources such as CIFs. Along with the GEF, these three majors institutions must reduce any risk of overlaps or competition; and

(d) The biggest opportunity for the GCF to differentiate itself from other sources of climate finance, specifically in the LULUCF sector, is the anchorage in the UNFCCC decisions. Such decisions are owned by all parties of the UNFCCC, thus, countries feel more relevance in working with the GCF.

20. One submission noted that differentiating from other climate finance sources was not as relevant as **deepening cooperation for higher impact**.

21. On **complementarity with other organizations** in the climate finance landscape, multiple submissions from stakeholders highlighted the role of GCF as an accelerator and amplifier that could scale successful interventions initially supported by other climate funds, the importance of strengthening partnerships and sharing information with climate finance partners; as well as harmonizing procedures and processes with other funds to enhance efficiency and access and reduce transaction costs for stakeholders.

22. Several submissions also noted that complementarity could be enhanced through:

(a) Enhancing coordination among funds serving the Paris Agreement under UNFCCC;

(b) Enhancing collaboration with UNFCCC bodies and committees to clarify how developing country Parties may access funding from the GCF for the development of funding proposals related to the strategic workstreams.;

(c) Scaling up existing initiatives and smaller projects with a good track record. The GCF could serve as both an accelerator and an amplifier in relation to other climate funds, such as the Adaptation Fund, the CIF and the GEF, due to its ability to use its range of instruments and combine its funds with a wide range of actors to reduce risk and catalyse private investment in climate projects;

(d) Sharing knowledge with other financiers, particularly of sector guides, and utilizing knowledge from other agencies;

(e) Developing an active database on current stocktaking and progress profiling, that would help GCF to continue to leapfrog higher risk investments where other actors are likely more willing to invest in “proven” or “less innovative” methods; and

(f) Creating new partnerships and deepening existing ones, for example with the NDC-Partnership and the InsuResilience Global Partnership, the Climate Investment Platform and the CTCN, that has recently opened its office in Songdo.

23. Other submissions included suggestions to:

(a) Further clarify the division of labour with other Climate Funds;

(b) Enhance common understanding by strengthening harmonization of definitions and methodologies between the GCF and other donors and international policy actors;

(c) Build on existing investment planning tools or processes and reflect them into GCF's processes. This will provide the opportunity to leverage synergies and stimulate ideas for joint programming;

(d) Translate cooperation at global/institutional level into concrete coordination and division of tasks at country and activity level, wherever useful;

(e) Pool funds from multiple funds together, increasing the scale of climate funding;

(f) Incorporate the GEF and GCF Long-Term Vision into the updated strategic plan, and regularly report on activities in this area to the Board;

(g) Report regularly to the board on the work to enhance coherence and complementarity with other funds;

(h) Align with other key streams of work on access such as the Taskforce on Access to Climate Finance, as applicable;

(i) Capture specific opportunities for cooperation and complementarity with the GEF in the climate-nature nexus. For example, the management of natural protected areas requires many actions that do not relate to climate, and as such, cannot be supported by the GCF, though protected areas have a very large potential for mitigation and adaptation that the GCF struggles to capture and maximize;

(j) Consider and prepare for a potential change in the global architecture that could move again this year following COP27 and the UN biodiversity conference, impacting the mandate of climate funds; and

(k) Consider that the Just Energy Transition Partnerships should have huge and unprecedented transformational impacts, that may create new benchmarks in the field of mitigation and influence the mandates or the contributors' strategy with regard to each fund.

2.3 Strategic vision

2.3.1 On the relevance and enhancement of the strategic vision

24. Several submissions from various stakeholders mentioned that the vision is **well articulated and remains ambitious and relevant**, considering:

(a) The current state of affairs, where much needs to be achieved and more information comes to light about the impacts of climate change;

(b) Its relevance for continuity purposes, as countries have projects under implementation; and

(c) That the process to build stronger commitment from all parties to be able to achieve the objectives is ongoing.

25. One submission also noted that the vision seems to be in line with its mandate and operational guidelines from the UNFCCC.

26. On potential **enhancements** that can be made to the vision, submissions noted that:

(a) It is critical to keep the ambition to deliver the mandate in line with UNFCCC and the Paris Agreement goals. This should be done by enhancing the GCF strategic vision and how it would be implemented;

(b) Ambition could be enhanced further, considering the latest IPCC reports and global call for action. The GCF's commitment authority remains low compared to always growing estimated needs;

(c) The USP should mention the main goal of reducing GHG emissions to net zero by 2050 and the IPCC reports;

(d) Given the updated NDC ambition cycle and net zero targets, the GCF should further evolve its systemic approach and articulate the necessary steps for moving from NDC/NAP/LTS to bankable investments;

(e) The word paradigm shift can be made more actionable and practical as achieving climate-resilient development pathways seems to be vague. It can be framed as a shift towards achieving net zero GHG emissions, reducing climate-related shocks and stresses, and building the adaptive and resilient capacity of natural and human systems aligned with sustainable development goals;

(f) The Board should ensure the articulation of the long-term vision to demonstrate how the Board will meet the GI objectives in terms of add value, and clarify how the Fund will: Make a significant and ambitious contribution; Achieve the ultimate objectives of the UNFCCC; Promote the paradigm shift towards low-emissions and climate-resilient pathways; Channel new, additional, adequate and predictable financial resources; and Catalyse climate finance, both public and private;

(g) The USP should provide a bigger and broader vision of what alignment of financial flows as per Art. 2.1c of Paris Agreement means and how the GCF can contribute to supporting the implementation of 2.1c more effectively. It is essential to go beyond the private sector and mainstream 2.1c throughout USP-2;

(h) The Fund's vision must be ambitious, with a higher appetite to take risks, make transformational changes, enable access to finance for developing countries, and meet the urgent and immediate needs of developing countries; and

(i) The USP must be updated with a view to support transitions of developing countries across sectors and address barriers and enablers of just transitions.

27. Additional comments on the vision include that:

(a) The long-term vision of promoting paradigm shift and implementation by developing countries in the implementation of the Paris Agreement is not clear;

(b) 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, as well as aligned with long term programming;

(c) The vision can only be achieved when high-emitting countries, with greatest historical responsibility for climate change, meet their responsibilities;

(d) As the GCF moves from being newly established institution to a more mature stage in its organisational development, the preliminary results of paradigm shift and support for developing countries in implementing the Paris Agreement and the UNFCCC should demonstrate more clearly how to further deliver on the vision;

(e) COP guidance must be amalgamated with the GCF vision and operational modalities in order to achieve the goals enshrined under the Paris agreement; and

(f) GCF's current vision must be aligned with long-term programming, i.e., 7-10 years.

2.4 Strategic objectives and portfolio allocation targets

2.4.1 Linking vision to strategic objectives

28. A number of submissions underscored the headline point that the USP's strategic objectives should be more clearly linked to, and articulate the Fund's long-term strategic vision; many of these also linked this to setting concrete 'mid-term' goals. Submissions noted that:

(a) A stronger link between the GCF's vision and the operational actions to achieve its ambitions should be encouraged. Setting appropriate milestones for 2030 and 2040 to help map out the path to 2050 more clearly should be beneficial to all stakeholders;

(b) There is a need for a mid-term vision covering the NDC period 2030-2035: GCF would set goals and targets aligned with the results areas of the Fund and linked with the efforts and ambition of developing countries as contained in their NDCs/Adaptation Communications/ other planning documents such as NAPs. This middle programming component would also enable the Board to review how GCF support is targeting national and regional level pathways to LECR development;

(c) GCF should consider a short and long-term goal for supporting transitions of developing countries; and

(d) Objectives should be considered from the opportunity perspective, prioritizing areas central to developing countries' needs.

29. Multiple submissions from various stakeholders stressed the importance of developing a **theory of change** for articulating how the vision can be translated into action, as well as the need for clear, quantifiable, non-self-referential goals and metrics of progress and impact for USP2, particularly as the IEU rapid assessment noted that many measures of progress on strategic objectives in USP-1 were ill-defined. Specifically, submission included that;

(a) Mitigation goals could be expressed in terms of GHG emissions reductions or avoidance; deployment of technologies (MW of renewable energy, energy efficiency savings, deployment of clean technology in transport); appropriate metrics for land use mitigation (e.g., hectares of land restored, avoided deforestation); and/or households benefitting from new technologies, etc;

(b) Adaptation can be expressed in terms of people, property, livelihoods made more resilient, reductions in disaster risk, improvements in water conservation, etc; and

(c) Objectives can be evolved by reviewing the country and pipeline programs which reflect the needs, then translating those into clear goals.

30. Some submissions commented on the **balance between impact and allocation** goals, noting:

(a) The fund should consider a balance between impact and allocation ambition. In sectors or countries where alternative resources are available, prioritize ambition, in sectors where resources are scarce, GCF may need to focus more on allocation; and

(b) The Fund should focus on ambitious results and less on ambitious allocations, while being cautious with spreading out ambitious results, as well as focus on resourcing new programming rather than volume, such as with meeting adaptation targets.

31. Submissions also noted that strategic priorities, objectives and targets of the USP should be better prioritized, as their full implementation is not practical due to trade-offs between targets. The fund should ensure trade-offs between targets are duly considered, such that the targets are concomitantly achievable during the GCF-2 period.

32. One submission noted that to make the objectives actionable, there is a need to assess whether existing policies need to be reviewed or new ones developed to achieve them.

2.4.2 Portfolio allocation targets

33. Numerous submissions reflected on the Fund's current portfolio targets and how they should be set in the USP-2. The balance between **mitigation and adaptation** was a key focus:

(a) Some stakeholders expressed that the balance between allocation to mitigation and adaptation in grant-equivalent terms should be maintained as a target for USP2;

(b) Several submissions noted that targets need to be revised to reflect more investment in adaptation, given that most of target countries require more focus on enhancing their adaptive capacities. These submissions noted that the financing gap for adaptation is larger, and incentives are more needed; the first replenishment period saw more funds approved for mitigation projects, therefore more funds should be allocated to adaptation, especially for more vulnerable developing counties;

34. Additional comments on mitigation and adaptation targets included that:

(a) The growing adaptation needs of developing countries should be addressed through additional grants and public funding rather than private sector resources or loans which lead to the burden of debt repayment. In this context, higher priority can be given to the funding proposals for adaptation activities with greater grant portion;

(b) The GCF portfolio targets should increase adaptation financing to 60% to cover the adaptation deficit and partly the resources for loss and damage; and

(c) The 50-50 principle should apply at every board sitting by placing caps on either mitigation or adaptation.

35. Specific comments on the **other portfolio allocation targets** included that:

(a) The fund's allocation target for the volume of adaptation finance benefiting the vulnerable countries (at least 50% in grant equivalent terms) could be enhanced further, in line with the current outcomes of the GCF; the USP should aim to match IRM outcome (and GCF1 target) of at least 69% of adaptation funding allocated to particularly vulnerable countries (LDCs, SIDS, Africa);

(b) A more sustainable and long-term approach to funding adaptation is required for LDCs;

(c) Greater regional balance in the portfolio is required, given the untapped potential and strong needs for supporting the energy transition and adaptation in Eastern Europe and Central Asia;

(d) Funding channeled through Private Sector Facility should be increased and private sector mobilization should be at greater scale (including for adaptation), raising the target of allocation to the Private Sector Facility (PSF) from 20 to 30% during GCF2 and the mobilization target from 1:3 to 1:5;

(e) Portfolio level mobilization and disbursement achieved through the GCF contributions to projects should increase significantly relative to the GCF-1;

(f) Funding channeled through direct access entities (DAEs) should increase significantly relative to the GCF-1; and

(g) Using GCF-1 baselines to inform targets might not always be appropriate, given the experience of using IRM as a baseline for GCF-1; some of the results were so disappointing that any progress on them is virtually meaningless as an indication of real progress.

2.4.3 Setting 'SMART' strategic objectives

36. On the approach to setting specific strategic objectives, submissions included that portfolio level targets can be formulated by using SMART parameters (specific, measurable, achievable, relevant, and timebound), whereas operationalization measures should be nationally appropriate, and that baselines and targets for GCF-2 can be based on the revised IRMF and Results Handbook under the Updated Strategic Plan for this period.

37. A few submissions **recommended new goals for the USP-2**, with specific suggestions that the USP should include:

(a) Measurable goals for how GCF can provide more consistent and impactful support for NDCs, and NAPs – helping countries to develop ambitious plans which can be translated into concrete investments for GCF and others to finance. GCF should be a "go-to" source for NDC and NAP support even if GCF doesn't directly provide the technical expertise;

(b) Measurable, concrete, and specific goals for GCF's Direct Access Entity (DAE) engagement; including a metric for share of projects originating from DAEs during GCF-2, perhaps expressed as number of projects versus financial volumes;

(c) Measurable, quantifiable goals for how GCF can use accreditation strategically to build long-term effective partnerships with key international and direct access partners to round out its delivery network;

(d) Measurable goals for how GCF can mobilize private finance, develop capacity of local private sector actors to invest in adaptation and mitigation, bring new business models and technologies to new markets, and help private firms that GCF engages with align to the goals of the Paris Agreement;

(e) Measurable goals for how GCF can provide more efficient access to resources. These goals should be based on assessments of how current procedures and legal arrangements for accreditation work or don't work, and how funding proposals and funded activity agreements could be streamlined to allow for reduced transaction costs and processing times without sacrificing fiduciary and oversight obligations and project quality and impact;

(f) Measurable goals for how GCF can continue to enhance access to climate finance for developing countries by taking steps to improve programming coherence and complementarity and harmonization of procedures across GCF, GEF, LDCF, SCCF, and the Adaptation 3 Fund, including by streamlining and harmonizing processes and procedures and integrating country programming strategies;

(g) Actionable, measurable metrics for the objectives to improve speed, predictability, efficiency, effectiveness and transparency can and should be actionable and measurable through metrics. These would include, inter alia, reduced time in application stages for funding proposals and accreditation applications (with a particular focus on smaller and direct access entities) and overall, and increased numbers of documents made available to stakeholders and the public;

(h) A target (KPI) for the share of GCF supported adaptation action that is to be implemented through locally led adaptation approaches, including by tracking and disaggregating the amount of GCF funding being channeled to local organizations, including women-led or indigenous organizations;

(i) Goals and parameters for use of the Project Specific Accreditation framework;

(j) Strategic objectives covering loss and damage;

(k) A supplementary target to ensure that a greater share of the private sector allocation reaches MSMEs, in line with the GCF mission as set out in the Governing Instrument;

2.5 Business/operating model and funding windows

38. Several submissions touched on cross-cutting matters relating to how the Fund would deliver its strategic vision and objectives through the evolution of its business and operating model and funding windows; which also touched upon tensions in the current business and operating models.

2.5.1 Approach to programming: flexible or sectorally/geographically focused?

39. Multiple submissions noted the importance of programming focus on various focus areas, sectors, and activities. A full list of specific recommendations for sectoral priorities can be found in **annex I:**

(a) Submissions included that the GCF should focus on: Energy; Loss and damage; Information and early warning systems; Nature based solutions; Forestry and land use; Transport; Industry; Agriculture; Mountainous areas; Indigenous led solutions; Water; Health; Education. One submission included that the GCF should drop projects which relate to Commercial, Industrial, Mining Infrastructure activities and Urban centers.

40. Some submissions also included suggestions to earmark funds for specific sectors or establish specific funding windows for certain activities. These included that GCF should:

(a) Develop a window facilitating an Emergency Response Fund which will be designed to provide support to countries that are tackling the severe climate impacts; because the kind and type of vulnerability keeps changing as each successive years go by, and it is becoming increasingly more difficult to predict the type of vulnerabilities that might occur in future;

(b) Consider a new funding window for smaller catalytic funds to governments to enhance climate mitigation/adaptation following larger multilateral banks/donor investments (e.g., the World Bank and its climate focus) and increase significantly its funding to attract private sector paradigm shifts (where there is much less availability of climate fund access) aligned with public investments; and

(c) Provide finance required for promoting Just Transitions and addresses key barriers and enablers of just transitions, through considering strategic issues such as setting strategic and transformative climate financing options based on equity and promotion of sustainable development.

41. By contrast, other submissions highlighted the importance of keeping country and regional contexts and needs central, noting GCF must respect the differentiated risk and

vulnerability and differentiated demand for financial support for countries. One submission suggested a minimum allocation per country should be clear for facility type.

42. Another submission suggested that GCF develop a hybrid approach that is tailored to country and market needs.

2.5.2 Approach to partners: rely on high-speed, high-volume capable partners, or invest in building partner capacity?

43. Several submissions touched on matters related to the Fund's strategic approach to engaging with and shaping its network of AE partners. These submissions noted that:

(a) The Fund should follow a hybrid strategy based on segmentation, operating as high speed and high-volume funder for IAEs, while acting as a patient architecture builder for DAEs. The fund should rely on AEs for delivery while also expanding its institutional footprint to prop up implementation for partners who lack capacity, including DAEs;

(b) It can be challenging to reach ambitious climate targets at speed and scale when the Fund needs to play a hybrid role in AE engagement;

(c) Given the heterogeneity of partner capabilities, GCF needs to strike a balance in its implementation model so that it can meet both its programming and capacity-building objectives. For some partners, GCF may need to provide increased institutional support;

(d) IAE-DAE collaboration is critical to building capacity; GCF should explore how some of its higher capacity AEs can be engaged to help other AEs in developing their capacity to partner with GCF. Very few international organizations can efficiently deliver funds directly to NGOs and the local private sector, so GCF must engage with local intermediaries; and

2.5.3 Approach to paradigm-shift: project-based, or partner- & knowledge based?

44. Some submissions noted that in its pursuit of paradigm shift, the GCF should more clearly consider its choice between a "project-driven" and a "partner-driven" approach. These submissions noted:

(a) A "partner-based" approach would go beyond the GCF's own operations. It would carry the ambition of redirecting the AEs' overall activity (and not only the one with the GCF), with the primary objective of stopping any carbon-intensive activity or any activity likely to harm the efforts made on climate;

(b) Such a "partner-driven" approach would anyway require the GCF to be able to support its partners' efforts to align with Paris Agreement (in addition to supporting their capacity to operate with the GCF), by providing methods, tools and technical assistance. The support from the IAEs that can share experience of alignment with Paris Agreement should be encouraged. The GCF could rely on its large network of partners to bring this support to DAEs, so that the RSDP remains focused on building the countries' capacity and programming (in support to the GCF's own operations); and

(c) Though the project-driven approach is inherent to the status of the GCF as a fund, the GCF should try to be more partner-driven to seize all opportunities to accelerate the implementation of the Paris Agreement. The Accreditation and Partnership team could be given greater responsibilities in supporting the AEs' efforts in aligning with the Paris Agreement, building on the GCF's large network of technical experts and partners.

45. One submission noted that, as much as possible, the GCF should finance only projects that result from national planning processes and the RPSP, as opposed to projects developed and pushed by AEs, especially IAEs.

46. Several submissions from multiple stakeholders also highlighted that the GCF should function as a convenor, through facilitating and promoting partnerships, cooperation and peer learning for all institutions interacting with the fund, while catalyzing investment and helping developing countries deliver climate change impact. On functioning as a **hub for climate activity**, submissions included that the GCF should:

(a) Convene, strategize, and organize large round tables in countries, NDAs and AEs to identify climate action to scale & crowding in of finances;

(b) Strengthen networking among AEs, thereby facilitating knowledge-sharing;

(c) Hold regional knowledge sharing platforms where countries, NDAs and AEs can share their experiences, form connections, and identify climate action to scale and to crowd in finances;

(d) Create a forum which could provide ideas and proposals to inform the ongoing UNFCCC debate on potential merger of climate funds and attracting non-government contributions to the GCF;

(e) Be Brave as a centre of excellence and a community hub for climate action; and

(f) Provide a space for indigenous peoples to come together to learn from each other's experiences and contribute to the growing body of knowledge around GCF.

47. Other submissions noted that GCF should not become a climate knowledge hub, but retain its core focus on being a climate finance provider.

2.6 Strategic priority 1: Strengthening country ownership of planning

2.6.1 Supporting countries in implementing NDCs and NAP and enhancing country ownership, including the role of country programming and DAEs

48. Multiple submissions from various stakeholder noted the GCF should uphold its commitment to country ownership, mentioning that NDCs and NAPs should be considered, linked, and aligned with GCF country programming and projects, while noting the diverse requirements in different countries and regions.

49. Measures suggested for **increasing country ownership** and involving countries in all stages of project development include:

(a) Promoting more national Accredited Entities;

(b) Allowing country-identified entities to participate in programs;

(c) Capacitating government agencies, accredited entities, and implementing partners for leading the project design and approval process, with DAEs being the main target in order to enhance direct access;

(d) Allocating resources for country staff to be attached to programmes;

(e) Supporting local rather than international consultancies;

(f) Allowing autonomy in designing home-grown ideas, to allow countries to generate ideas and concepts;

(g) Rolling out technical assistance to provide consistent support during design and implementation stage; including a core capacity development component to ensure that governments, private sector and other stakeholders have increased capacity to design and implement and manage future GCF activities;

(h) The role of technical assistance and policy dialogue in helping developing countries tackle mitigation and adaptation cannot be overstated. Technical assistance is required to develop capacities and strategies, plans and investments that address climate risks and opportunities;

(i) Aligning GCF programming period with UNFCCC processes for NDC revision and implementation;

(j) Using NDCs, NAPs etc. as a programming/origination vehicle, as country programmes are often not in alignment with GCF's four-year programming cycle;

(k) Being present as early as possible in the programming chain, by supporting LTS and their translation into sectoral objectives, which can then be translated into very ambitious Country Programs involving all stakeholders (including the local private sector). This would also maximize complementarities and synergies and make it possible to encourage coalitions of actors in support to larger and more ambitious projects or programs (e.g., CIF decarbonization in emerging countries). GCF could lead major deals on adaptation in the vulnerable countries, which feasibility could be supported by the PPF;

(l) Including a broader climate finance or NDC financing strategy in the country programme document, also including a GCF-focused programming plan, which includes the top priorities for the country in seeking GCF funding during a given programming cycle;

(m) Incentivizing developing countries to develop a GCF Country Programme to drive their project and programme pipelines, and avail support from the GCF Readiness Programme for its development and update;

(n) Updating the Country Programme from time to time to include relevant climate change projects within the national pipeline;

(o) Having Entity Work Programs that are strongly articulated with the CPs, with active steering by the Secretariat;

(p) Allowing some flexibility in pipeline prioritization & updating of Entity Work Plan and Country Programme, which can help GCF partners react to emerging needs & opportunities;

(q) Blending GCF financing with current ongoing climate related investments, or using GCF funds as seed funds;

(r) Strengthening the country engagement process through regional and global dialogue meetings arranged by GCF; and

(s) Sharing good practices on processes and tools for stakeholder engagement, that can ensure ownership throughout all levels of governance (national, regional, local level) and among all affected and benefitting stakeholders.

50. Additional comments on country ownership included that:

(a) GCF has been effectively strengthening country ownership through structured dialogues and capacitating NDA as well as AEs through various offline and online programs such as workshops, missions, physical visits etc.;

(b) 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;

(c) Country-ownership as established through the provision of 'no-objection-letters' (NOLs) is insufficient. The no-objection procedure should be a country-level stakeholder engagement process facilitated by the NDA on any given project/programme proposal, not a form-letter issued; lack of country ownership is particularly glaring under fund-of-fund/programmatic approaches, when individual sub-projects are not known. NOLs need to be redefined as an iterative process in programmatic approaches, with an initial NOL of participating countries under a multi-country programme having to be repeated and documented when sub-projects are identified;

(d) GCF should adopt a more expansive definition of country-ownership, with particular implications for the RPSP, going beyond the national government (mostly NDA) level and focus on citizenry (people-centered). A greater focus on support for NDAs for meaningful participatory processes is needed, such as for the development of country programmes as well as participatory monitoring by local communities and citizens; and

(e) 'Country' and/or a 'Party' does not mean just a government of a country but includes the citizens, including the indigenous peoples of the country. Country ownership goes beyond the ownership of national and regional ministries. Indigenous peoples are sometimes invited in regional conferences or dialogues but thus far, this needs to be improved to ensure that they have their own spaces for discussions and dialogues. These dialogues should go beyond the IP Advisory Group (IPAG) which is tasked to provide advice to the secretariat or to the board as necessary.

2.6.2 Enhancing the role of NDAs

51. Several submissions highlighted the importance of NDAs in country ownership and the importance of further strengthening their capacity and involvement. On specific capabilities, submissions included capacity should be built for better understanding the functioning scope of GCF and for improving NDA's technical understanding of finance.

52. For improving NDA capacity and involvement, suggestions included that the Fund should:

(a) Capacitate NDAs to manage country programming through Readiness;

(b) Recognize that as GCF evolves and matures, NDA's agency and authority will also increasingly matter not only to directing programming activities towards a paradigm shift, but also to assessing progress through monitoring and in-country coordination;

(c) Create the figure of a national technical representative which works as the link between GCF and the ministry (and other national stakeholders) so that needs for execution can be submitted to GCF and the ministry personnel have the capacity to execute them. There is a need to strengthen the capacities of the management and technical level staff in GCF guidelines. The GCF representative would be provided with the necessary infrastructure and budget to be able to perform optimally;

(d) Enhance NDA participation in country programming, to facilitate smoother implementation of projects by improving the process of obtaining No Objection Letters.

Currently, the uncertainty of the process to involve the NDAs and to obtain the NOLs prevents many AEs from promoting larger multi-country programs;

(e) Encourage NDAs to nominate entities that would be best suited to undertake their country climate change programming priorities;

(f) Build coordination and more engagement of AE with NDA in the implementation stage;

(g) Improve the collaboration between regional offices and NDAs;

(h) Increase regional presence of the GCF to facilitate the communication/interaction between DAEs and NDA on the one hand and GCF on the other; and

(i) Organize regular (annual) dialogue with the national agencies to discuss their issues related to access to GCF resources.

53. Submissions also identified **difficulties experienced by NDAs,** noting:

(a) Although Readiness proposals are submitted by the NDAs, implementation is done by the Delivery partner. After the project gets approved, the delivery partner does all the recruitments which NDA can only participate as an observer. This sometimes limits the country ownership and selection of the best in the interest of the country. This less involvement in implementation also affects the utilization of project resources for the activities of the project; and

(b) AEs are changing the content of the proposal without proper communication of the NDA which may go against the requirements/regulations of the country. There were also instances of AEs withdrawing projects/programmes without interacting with the NDA.

2.6.3 Readiness Program and Project Preparation Facility

54. Multiple submissions noted the importance of the Readiness Program and Project Preparation Facility (PPF) in providing assistance to entities with project development or accreditation, and contributing to a comprehensive, robust and impactful country programme. In particular, movement toward providing rosters/panels of technical experts with expertise in GCF processes to support NDAs and DAEs for development of project concepts was welcomed.

55. Submissions touched on **areas for improvement** for readiness and PPF, noting that:

Access, process & allocations

(a) Access to multi-year funding should be improved;

(b) The approval process of the full funding/readiness proposals needs to be improved and the time taken by GCF for the evaluation can be shortened so that the countries will be able to tap the funding each year;

(c) Readiness and PPF resources need to be more accessible and deployed in line with countries' long-term programming or capacity building goals. GCF may wish to engage more with NDAs and Accredited Entities (AEs) to explore how their expertise could be leveraged to efficiently deliver some of this support;

(d) Easy-to-access, ready to deploy (i.e. max 2 months) programme windows should be established, allowing countries and accredited entities, both IAEs and DAEs, to identify jointly high impact programming opportunities;

(e) The national adaptation planning envelope should be enhanced by shifting this allocation from being provided on a one-off basis to a recurrent basis once every 8-10 years. This will allow for reassurances to developing countries that they will have sustained funding for their national adaptation planning process (which is an inherently iterative process);

(f) There should be at least 7-10 million per year for LDCs to support their GCF readiness and capacity building. This readiness budget should be directly channeled through NDC or a dedicated national accredited entity;

(g) GCF should set a target for how much readiness funding should flow to fragile states. Prioritizing fragile states for readiness funds will enable these countries to plan for and eventually support GCF projects in their countries;

(h) DAEs, NDA and other stakeholders from developing countries need to be better supported in 'getting ready' for GCF. Readiness Programme and Project Preparation Facility are good programmes, but they are still complicated to access and remain disintegrated. They should be linked better and embedded into a GCF policy framework;

(i) It is desirable to see more funding proposals developed through the PPF and brought to the Board throughout GCF-2, noting only 11 funding proposals that received PPF support were approved as of B.33;

Direct Access Entities

(j) The focus on NDAs, inability to cover key costs such as staff time, and still somewhat cumbersome approval process make the program unable to fully meet the needs of Direct Access Entities;

(k) A DAE-specific envelope can be established under Readiness with at least USD 1 million per year for each DAE, being new and additional to the NDA window, incorporating the DAE-specific IRMF support;

Loss and damage

(l) The GCF should consider integrating Loss and Damage in readiness activities. Potential measures may include readiness funding for comprehensive risk assessments; capacity building in relevant areas; knowledge-sharing among AEs and NDAs; and project preparation for Loss and Damage relevant activities;

(m) An envelope can be established under Readiness with a one-time USD 3 million for each developing country to develop, inter alia, a national methodology and system to assess and quantify loss and damage associated with effects of climate change, and a national loss and damage response plan that would outline approaches on how to manage such loss and damage once it has occurred;

Climate investment planning & programming

(n) The fund should strengthen readiness support focused on in-country strategic frameworks and adaptation planning aid that aligns with NDCs and NAPs;

(o) The current readiness portfolio fails in sequencing TA in a manner that results in bankable projects as investment preparation and connecting to various sources of finance is missing. Country-driven programming needs to be anchored in support to countries on building capacities for data-driven, science-based setting of adaptation priorities, understanding trade-offs, and preparing bankable investments that can are viable and sustainable in the long-term. Critical support is needed on building of the climate rationale and climate-sensitive adaptation strategies along with support to identifying blended finance vehicles and crowding in commercial capital;

(p) Readiness and PPF support can ensure availability of reliable emission profile and emission reduction information which will enable governments to identify projects and strengthen the project pipeline on low-emission development;

(q) GCF can accelerate proposal preparation by supporting collection and consolidation of authenticated and up-to-date data from the national source, which is imperative in delivering appropriate references while writing funding proposals;

(r) For implementing a systemic approach, strategic objectives should support intervention areas guided by NDCs and LTS. There is also a need for feasibility studies done at the system level for looking at synergies across sectors;

(s) Readiness could help develop solutions to support countries in assessing trade-offs and synergies between mitigation and/or adaptation action in relation to current and future GCF investments and impact on people and natural resources (land, water, biodiversity);

(t) The Facility does not fully cover the cost of developing concept notes and is not yet sufficiently reaching entities who have not had previous projects approved by the GCF;

(u) There is a need to link readiness & programming more strongly. A prerequisite for Readiness funds for concept note development should be clarifying which AE will later facilitate implementation of project and the AE is involved from the start;

(v) Strengthening support to country programming in collaboration with AEs, DAEs and IAEs is important, taking into account their respective comparative advantages;

(w) Differentiated levels of support in developing funding proposals are required in accordance with countries' and entities' capacities and needs;

(x) Stronger support should be provided for activities in countries or regions that receive readiness financing, but thus far have been unable to submit full project proposals. This could involve many more projects of a smaller scale, but with proven low-carbon and climate-resilient approaches that could be replicated manifold, including through scaling up and further streamlining the Simplified Approval Process;

(y) Readiness and preparatory support activities should shift towards a phase based more on "implementation" and place increasingly more emphasis on building countries' project pipelines;

(z) GCF should provide countries with TA in setting out respective investment cases for investors to engage, as most developing countries struggle with exhibiting their needs through documentation to be presented to potential investors;

Accreditation

(aa) The readiness and preparatory funds should target actions to fill the gaps national entities face in becoming an AE. Then, country programmes should reflect on the national climate change policy priorities and be structured in a way that the comparative advantages of national AEs are taken into account at the time to prepare and present country programmes, and at the time of national endorsement of FP to be presented to the GCF board;

Stakeholder engagement

(bb) Promoting the paradigm shift by enhancing country ownership will require more relevant stakeholders to be engaged at the national level. Therefore, readiness support and support for adaptation planning should also target other stakeholders, such as DAEs, CSOs, women, indigenous groups, farmers and the private sector;

(cc) Readiness could include an allocation to ensure capacity building and representation of national stakeholders in technical discussions and decision-making in the NAPs, NDCs and Country programmes. A dedicated small facility could be created at the secretariat level to directly support stakeholder engagement of CSOs, communities, women's groups and indigenous peoples for activities including climate awareness raising, capability-building on all things GCF, and monitoring and reporting, among others;

(dd) The Fund should be incentivizing countries to request RPSP funding for facilitating and setting up better sustained stakeholder engagement processes that include local level actors and affected communities and population groups for GCF-related interactions at (sub-)national level. A certain amount of each country's eligible RPSP funding could be ringfenced for this purpose or additional funding made available solely for strengthening such engagement;

Regional presence and monitoring

(ee) The regional office of GCF can play a significant role in assisting the countries in developing as well as improving their readiness proposals;

(ff) The Fund should coordinate closely on readiness activities (regarding project and national climate strategies) with the multitude of readiness providers; and

(gg) Effectiveness and integrity of the RPSR can be achieved through results-orientation, closer monitoring and evaluation, and adjust its financing envelope according to programming ambition.

2.6.4 Enabling environments and greening national financial systems

56. On supporting countries in greening national and regional financial systems and aligning financial flows, suggestions included the GCF should:

(a) Support developing countries in enabling necessary institutional architectures to re-channel all their financial flows (real economy, financial markets, private and public sector) in line with PA, through a focus on projects with climate action as the core objective and mainstreaming climate related physical and transition risks across the entire economy;

(b) Further explore suitable incentives and programmes through which the GCF can pilot and scale-up the implementation of Art. 2.1c in developing countries. Potential instruments may include the "Request for Proposals (RfP)" as well as the Readiness Programme (e.g., capacity-building and support on national policies, such as green finance regulations and climate disclosure standards, green taxonomies, establishment of green development banks, etc.);

(c) Focus on research and development. Changing economic development pathways will incur costs in terms of responsibilities for policymakers and societies. Changing pathways may also require financial support market entry for low carbon technologies and resources; and

(d) Support a systemic greening of financial sectors, including through assessments of physical climate risk and carbon transition risk within financial portfolios; enabling trade finance for enhanced access to climate-friendly products; supporting specific technical tools promoting financing of the best available technologies and techniques, and climate-related monitoring and verification systems within financial institutions;

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(e) Deploy finance 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.

2.7 Strategic priority 2: Fostering a paradigm-shifting portfolio through programming

2.7.1 Programming for paradigm-shift

57. Submissions included remarks on creating a paradigm shifting portfolio through programming. Many elaborated on the role of specific sectors or activities in contributing to paradigm shift, which are captured in **Annex I**. Submissions highlighted the Fund should:

(a) 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.);

(b) Clearly outline, including through the strategic objectives, programming targets and sectoral guidelines, how each sector should contribute to the paradigm-shift and formulating concrete benchmarks/requirements which GCF operations need to fulfil in order to be considered "paradigm-shifting";

(c) Be more practical and pragmatic in designing its paradigm-shifting portfolio; being clear on what paradigm shift it intends to achieve; very ambitious yet achievable. Make it concise, clear, and actionable, and avoid generic wordings. For example, say net zero GHG emissions rather than low carbon emissions; say building adapting capacity, reducing risks and vulnerability; lowering the losses and damages;

(d) Ensure that projects are long-lasting and resilient, not only to climate-related impacts, but also reduce vulnerability and exposure of people and ecosystems/biodiversity;

(e) Spur investments in innovation and technology, through bringing public and private, and international and local together in continued collaboration with the UNFCCC Technology Executive Committee. It should pay particular attention to supporting domestic innovation in developing countries and to communicating this widely;

(f) Enhance and support technology transfer. This aspect should feature prominently in the policies and institutional capacities. This is because developing countries have a greater need for technology in their efforts to achieve low carbon development pathway;

(g) 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;

(h) Better clarify the role of public sector in delivering paradigm-shift, which is not highlighted relative to the private sector; should include examples of GCF portfolio on public sector innovation;

(i) Give focus to smaller, locally led adaptation initiatives that are proven to work, including climate mitigation and adaptation activities of indigenous peoples at the local level;

(j) Continue to invest in small scale funding for innovation and projects by NGOs and CSOs, connected with channeling funds to MSMEs;

(k) Measure scale qualitatively in terms of how projects are transforming and empowering the grassroots, the women, and indigenous peoples;

(l) Focus more strongly on multi-benefit approaches, noting subordination of social, economic, environmental and gender benefits under narrowly conceptualized climate benefits, especially in mitigation (with an emphasis on the cost-efficiency of emissions reductions and leverage ratios) must shift to a more balanced approach to avoid harmful approaches, including maladaptation and threats to biodiversity and human rights.;

(m) Consider high concessionality for projects with lower revenue potential, such as adaptation projects, energy efficiency projects (where energy tariffs are not cost-reflective) and for the next generation of climate technologies; and

(n) Incorporate emerging good practices in future funding proposal development.

58. A few submissions touched on the role of **climate information** in the FP appraisal process, including the role of ITAP. These submissions noted that the GCF should:

(a) Learn lessons from experience to date on challenges relating to data availability. Towards the end of this replenishment period and during the next, the Fund must develop work-arounds and proxies where necessary to prevent a lack of data acting as a block or delay to deserving proposals and for measuring the effectiveness of climate finance. This should be recognised both at strategic and technical levels. Taking such action is linked to increasing the funding of adaptation proposals;

(b) Count indigenous science and their knowledge system as distinct sources of climate information. Such knowledge system should not be assimilated nor be treated as subordinate to the western science, rather supported as distinct and equally important climate science by the GCF strategies and financing;

(c) Clarify its approach to approving adaptation funding, recognizing that adaptation is not a separate action from development. Rather, it is about doing development differently. This requires a stronger emphasis on the causal connections between proposed activities and context-specific climate risks, impacts, and vulnerabilities -- and less emphasis on identifying climate actions as separate from development.

(d) Share with AEs, early in the process, the list of questions developed by ITAP to be addressed by project type or sector, in order to ensure that the GCF criteria are met.

(e) Ensure iTAP panel is more geographically diversified in terms of composition. This can be done through including a member from Africa who would be in a better position to understand local constraints, such as lack of climate rationale data.

59. Some submissions echoed the discussion under strategic objectives, indicating a need for more **adaptation programming**. A few submissions touched on the subject of **cross cutting projects**, indicating that:

(a) The fund should prioritize cross-cutting products. A programme prioritizing cross-cutting products has the objective of ensuring that the results of a given intervention are not harming the environment; of harnessing the opportunities that the intervention brings and taking into account associated risks, so that expected objectives are attained from a sustainable point from the environmental perspective;

(b) The co-benefits between mitigation and adaptation will be essential to the success of the next programming period; with nature-based solutions a good candidate for multiplying these climate co-benefits, while providing other types of co-benefits; and

(c) The definition of cross-cutting should be made more explicit – while it is good to develop cross-cutting projects, they raise an issue of identification with the reported multilateral climate finance; particularly in the context of the developed countries' collective objective of doubling adaptation finance;

(d) With GCF preparing various sectoral guides (e.g. on agriculture, energy, water, etc.), to avoid silos and taking into consideration that the majority of projects cover a multitude of sectors, GCF should ensure linkages between these sectoral guides, to reduce complexity in FP elaboration processes and provide guidance.

60. A number of submissions also touched on the role of **multi-country programmes**, presenting differing views on their value and operationalization. These noted that:

(a) GCF should strengthen the use of strategic programmatic approaches, including adopting a policy on programmatic approaches to foster innovative replication of proposals and reduce submission costs (this is particularly relevant for SIDS, where transaction costs of working in single countries are high); and which also tackles issues of transparency, accountability, country-ownership of sub-projects, coherence with other initiatives, and predictability (ensuring a minimum amount of funding to all participating countries, when the approach is regional or global), amongst others;

(b) Systemic, programmatic approaches should be country-owned, as those will require changes to the regulatory environment to create the right market conditions, particularly to stimulate larger private sector participation;

(c) SIDS' stakeholders have expressed concerns about GCF multi-country projects, particularly regarding the breadth and depth of results for local communities and the country drivenness. Programmatic approaches are seen to have the potential to overcome these issues by bringing larger volumes of funding to individual countries in a multi-country programme. However, given the potential for high transaction/ operational costs at country and entity level, AEs and SIDS are not confident in pursuing them with the GCF until such risks are accounted for in projects;

(d) GCF should approve a policy on a programmatic approach that includes consideration for the unique climate challenges and climate financing needs that SIDS face. Such an approach should include single and multi-country programmes. The Secretariat should also guide SIDS' entities on preparing such climate action programmes. Within this policy, recognition should be made that adaptation finance covers long-term onsets and accordingly the programmatic approach needs to cover implementation that ranges from 20 – 100 years;

(e) GCF should give clearer guidance for multi-country projects / programmes, with respect to (i) Facility-type - minimum allocation per country should be clear (ii) NoL – early / meaningful engagement throughout the project design (not top-down approach);

(f) Despite the expected high impact and scale, multi-country projects/programmes can be very costly for AEs and often not in the best interest of countries / NDAs; and

(g) Focusing on NDC implementation is welcome, but there is a need to reflect on how that interacts with multi country private equity programming, that doesn't relate to NDCs at the moment.

2.7.2 Addressing country needs, particularly for particularly vulnerable countries

61. Some submissions highlighted the importance of addressing **country and region context as well as specific needs**, noting that:

(a) The GCF must respect the differentiated risk and vulnerability and differentiated demand for financial support for countries, respecting the condition of LDCs and vulnerable countries;

(b) Project proposals must be evaluated giving special emphasis on countries' national circumstances, their economic status and natural resource availability;

62. A few submissions touched particularly on the **needs of particularly vulnerable countries**, noting that:

(a) Increased funding should be considered for countries identified by the Governing Instrument as particularly vulnerable, and for those that promise the most direct benefits to affected communities and populations;

(b) GCF should analyse the breakdown of funding proposals serving SIDS/LDCs and African states to assess the distribution of resources across individual countries in these categories. In USP-2, GCF could consider reserving a portion of programming funds for minimum country allocations to states from these categories which have not yet received resources to facilitate their planning for use of resource;

(c) For the second replenishment period to be ambitious, the pipeline of projects for priority areas (Africa, SIDS, LDCs) should be increased – above IRM results. This is in line with the objective of developing adaptation projects, which are particularly important for these priority areas;

(d) The GCF should allocate its adaptation finance according to climate vulnerability to ensure that the most vulnerable countries are prioritized for investments. Given the unsustainable levels of indebtedness many of those countries are subjected to, GCF adaptation support must continue to grant support, including full cost grant financing;

(e) Grant size should increase to 100 million as more grant support is needed for the LDCs to implement their NAP priorities;

(f) The GCF should consider how to specifically address the transaction cost of operating in SIDS, causing AEs, especially Interntional ones, to avoid projects in SIDS;

(g) Climate security and with it the access of fragile and conflict affected states to GCF funding is important and underdeveloped. The Fund should proactively ensure climate finance is available and accessible to fragile and conflict-affected states. There should be tailored mechanisms according to the needs and complexities of those areas, including with due regard for including national and local stakeholders;

(h) The focus of GCF financing must be on targeting and benefiting the most vulnerable countries, and within countries the most disenfranchised and climate-vulnerable communities and populations groups, such as women and LGBTQ/gender-diverse groups and Indigenous Peoples, with matching budget allocations to robust implementation and monitoring, including participatory monitoring;

(i) Specific attention should be given to projects reaching last-mile beneficiaries, for example rural communities and urban slums, where climate finance is scarce; and

(j) GCF projects should bring results for vulnerable groups beyond the focus on vulnerable countries, both in access to clean energy and in adaptation. The GCF should further strengthen gender and social inclusion and ensure its activities are conflict-sensitive, as well as increase involvement of indigenous people at the national and international level

63. One submission noted that while prioritizing the LDCs and SIDs, the needs of large developing countries should not be compromised. The GCF-2 and its programmatic approach should consider all developing countries alike, irrespective of any categorization done on the basis of location, geography, income level or broadly the level of development. The GCF funding modalities therefore should imbibe the concept of "climate justice", which finds a mention in the preamble of the Paris agreement.

2.7.3 Simplified approval process

64. Some submissions commented specifically to the role of the SAP in programming, noting:

(a) Full-scale implementation of the new Simplified Approval Process (adopted at B.32) should be a key priority for the GCF. This should include a regular, critical review of SAP, elaborating to what extent SAP is meeting its objectives and to what extent further adaptations to the SAP are necessary;

(b) Specific consideration should be given to continuous evolvement of the SAP in order to effectively address key challenges faced by developing countries, including domestic private sector engagement;

(c) The Simplified Approval Process has yet to be simplified to a point where access is markedly faster or less burdensome than going through a full proposal process;

(d) The SAP presents an opportunity to further ease access requirements for low-risk micro- and small-scale proven mitigation and adaptation approaches. The paradigm shifting approach here would be the ease of replicating successful small-scale projects, including by considering including more standardized “project components” (based on template approaches);

(e) SAP could also focus on reducing some of the factors that make it more difficult, especially for public sector and non-governmental non-profit DAEs, to successfully submit project proposals, such as expectations on co-financing, use non-grant financial instruments or involve the private sector; and

(f) As building capacity also comes from having successful implementation experience, facilitating numerous ‘no frills’ ‘plain vanilla’ micro- and small-scale mitigation and adaptation approaches (‘learning by doing’, a risk that the GCF can take within the financial and low ESS risk limits of the SAP approach to a greater extent), will strengthen DAEs and their institutional setting and prepare them for accessing climate finance beyond the GCF.

2.7.4 Managing the project pipeline

65. Some submissions touched on how the GCF should manage its project pipeline to support its portfolio objectives, noting:

(a) The Fund should strengthen procedures for prioritization of projects in order to support highest impact/value for money and paradigm-shifting projects; including prioritizing funding proposals with high climate impact, innovation and potential for replication/scalability, in particular by helping to improve enabling environments, innovation and partnering with the private sector;

(b) In the second replenishment period, particular attention should be given to those countries that are underrepresented in GCF programming in order to improve access and recognize and address barriers;

(c) Allowing flexibility in pipeline prioritization and update of entity work plans can help GCF partners in reacting faster to emerging needs and opportunities;

(d) The GCF should release more evidence-based guidance of good practice in challenging areas for project preparation. There is particular demand for guidance on meeting the criteria on paradigm shifts, and the climate and economic cases for action;

(e) GCF's sector guides are a good basis for pipeline development. Early communication and feedback by the GCF on targeted areas of intervention will also remain critical to pipeline development in-line with emerging needs;

(f) The recently approved principles for demonstrating climate rationale should ensure the quality and consistency of proposals in the Secretariat and ITAP assessments;

(g) GCF should provide clearer guidance when it comes to eligible activities, especially when related to small-scale agriculture and adaptation;

(h) GCF should strategize on providing specific indicators or measurement criteria to capture expected paradigm shift for a faster access to the Fund, given developing countries often lack sufficient Monitoring & Verification tools for measuring paradigm shift. Hence GCF should strive to provide tools needed for measurement which in turn would ease in smoothening the articulation and justification process of paradigm shift;

(i) The risks that an emphasis on scale and speed can bring should be managed. The GCF must aim at being higher, bigger and faster, but the Board needs to manage possible trade-offs with the quality of the portfolio. The Fund may have ambitious goals, but if the programming is not high quality, it will be hard to reach them'

(j) There should be a clear exclusion list of approaches and technologies that are counter to the mandate and the vision of the GCF and are antithetical to the paradigm shift that the GCF wants to support; and

(k) The Fund should be addressing "first come first serve" through better leveraging country-led country programming supporting proactive prioritization of project pipelines, so that limited resources are directed to the most impactful investments, and targeted use of the Project Preparation Facility, Requests for Proposals and programmatic approaches.

2.7.5 Risk appetite

66. Observations on the GCF's risk appetite included that the Fund should:

(a) Better define 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;

(b) Articulate how GCF will engage in risk-taking for impact and operationalize GCF's high risk-appetite;

(c) Take risks with innovation in practices, business models and technologies;

(d) Reflect the GCF' risk appetite under the Private Sector Strategy, to accept considerable uncertainties around investment risks in return for potential impact;

(e) Set an ambitious, new, more transparent and dynamic project-based risk rating matrix, which enlightens project-level risks and their interdependencies;

(f) Focus on paradigm shift and risk taking more than on portfolio impact maximizing, as it might not properly incentivize programming at paradigm shift or full exercise of risk appetite;

(g) Have a balanced risk appetite across all sectors; the GCF needs to further articulate this notion, such as by considering the share of IAE and DAE projects within results areas and the share of projects vs. programmes within results areas, ensuring there is not dominance of IAEs or programmatic approaches in each results area;

(h) Increase risk appetite to engage with insurance companies;

(i) Accept higher risk to support early-stage project development as well as policy, institutional, technological, and financial innovation to catalyse climate finance. The fund can leverage the risk management capacity of its partners and its own set of investment, risk and results management frameworks; and

(j) Broaden its understanding of "risk taking" to include the clear articulation that "risk-taking" cannot be solely understood with respect to financial approaches aimed at leveraging private sector engagement, but needs to also include taking a chance with engaging and allowing access to local level/community actors and population groups.

2.7.6 Financial instruments and financial terms

67. On the GCF's strategic use of a variety of **financial instruments and financial arrangements,** submissions noted that:

(a) The Fund should develop a 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;

(b) The fund should make use of grants, including for revenue-generating projects, where appropriate;

(c) The role of concessional and grant-based financing is essential in responding to developing countries' mitigation and adaptation needs. This is particularly pertinent given the growing debt crises facing many developing countries;

(d) The GCF should aim to be catalytic through grants, while also leverage-maximizing through loans, as PSF share and private finance mobilization targets tend to incentivize higher concessionality and high leverage within the project;

(e) The GCF should explore additional financing modalities beyond grants, loans, equity and guarantees that it currently provides. Options identified include supporting venture-style incubators and underwriting securities. If the Fund goes down this path, it will need to significantly upgrade its capacity to measure and manage complex financial risk, including more staff and specific expertise in particular sectors;

(f) Foreign currency lending and guarantees are important, as concessionality is compromised when beneficiaries need to enter hedging agreements with counter parties to account for currency risk of GCF dollars. Modalities should be introduced to allow GCF to be responsible for managing currency risks for its funded activities that generate revenue in local currency;

(g) Addressing the local currency challenge would increase GCF competitiveness and alleviate a burden from both the private sector and the Accredited Entity perspectives. In fact, the added value of GCF intervention in terms of concessionality could be seriously damaged by the significant cost of hedging mechanisms. The possibility for GCF to directly invest in local currency or offer, as part of its contribution package, a customized hedging mechanism, should be considered;

(h) The difference in cost of financing that GCF is offering is not comparatively favorable in relation to other development finance rates; An interest rate of 0.75% for concessional loan with a 0.50% service charge is no longer concessional considering exchange rates for funds delivered in major convertible currency;

(i) AEs are required to not to withhold any Taxes or other deductions from any amounts to be transferred to the Fund. In such case these costs are borne by the AEs making the GCF fund expensive to implement. Thus, GCF should have an understanding with the NDAs on such matters so that tax exemption on the GCF fund can be availed to ensure its concessionally;

(j) Strengthening the guidance on concessionality is required, taking into account country context/needs and characteristics; and

(k) Financial instruments should not only be evaluated at the risk sharing level, but also analyzed for their impact and breakdown of beneficiaries, understanding who benefits directly or indirectly from instruments.

2.7.7 Specific programming modalities

68. Some submissions touched on specific programming modalities/vehicles that could be deployed for specific topics. Submissions noted that:

(a) Incubators and accelerators play an important and multidimensional role in supporting new climate-resilient and low-emission technologies to be developed, accepted and used by society. In addition to the Request for proposals to support climate technology incubators and accelerators, the GCF should further identify how it can support business model innovations that are home-grown and fit for purpose in Small Island Developing States (SIDS), Least Developed Countries (LDCs), and African States;

(b) Not all the instruments set out in the UNFCCC (like REDD+), including the provisions of the Paris Agreement (i.e., Article 6) are yet well accommodated in the financing mechanisms of the GCF;

(c) The GCF should consider additional requests for proposals to target emerging opportunities (e.g., where there is high need and a gap in funding availability); this could include prompting pipeline for DAEs and the private sector; and

(d) Although mitigation financing, which is essentially loan financing under GCF, is comparatively less complicated, nevertheless a difficulty that has been encountered so far is the availability of a robust emission profile and emission reduction potential data, which would catalyse the rate at which mitigation projects/programmes are approved. This stands true also in the case of adaptation projects/programmes, in the sense that in envisioning the bigger picture, GCF should strategically finance and develop knowledge hubs, for both adaptation and mitigation, that will be directed towards addressing their various requirements (in terms of data, information, references etc.) associated with faster approval of the funding proposals.

2.8 Strategic priority 3: Mobilizing finance at scale

2.8.1 Catalyzing finance at scale, in particular from the private sector

69. The majority of submissions included remarks on the importance of the private sector in mobilizing funds and achieving the GCF vision, and how it can be improved. Suggestions for strengthening private sector engagement to catalyze finance at scale included:

(a) Supporting the development of an enabling regulatory and financial environment including through the readiness programme – for ease of doing business (especially at local level) and to drive private investment to meet country priorities/needs;

(b) Supporting the private sector in carrying out the viability analysis of the potential green sector projects;

(c) Allocating specific resources such as GCF readiness support to build the capacity of the private sectors on accessing climate financing, carbon trading, carbon auditing, etc.;

(d) Increasing the pool of DAEs and IEAs from the private sector and better orientate the support of the PSF and RPSP to develop capacity of local private sector AEs;

(e) Identifying ways to overcome barriers related to the accreditation process which may be a key barrier for private sector engagement with GCF. One option could be the introduction of a fast-track modality for certain types of private sector entities particularly those specialized in LDC markets;

(f) Partnering with other financial institutions to facilitate access to and implementation of the private sector facility instruments. A sectoral approach to programming should be able to accommodate public and private finance in a given country, informed by the national sectorial CC policies, including the NDCs;

(g) Supporting and catalyzing investment in areas where private sector investments do not conventionally flow, such as new asset classes, new markets, etc.;

(h) Focusing on specific sectors which have both a better developed role for the private sector in policy frameworks as well as an importance in climate policy framework. This includes the energy, infrastructure and agriculture sectors. These sectors present an opportunity to unlock climate finance with quicker and more meaningful impacts;

(i) Making better use of the grant capital deployed for policy and regulatory support, building assets and capacities at the last mile, supporting risk reduction and resilience, enhancing value-chains and markets, engaging and capacitating national, sub-national local actors, among other outcomes, and connect this to private sector actors and investments deployed through its PS window. Currently, there is little to no convening of the actors across these two windows and the opportunities for integrated solutions and public/private sector partnerships are missed;

(j) De-risking more conservative private sources of finance and showing how the risk appetite of GCF differs from other climate multilateral funds, which is to take on risks that other funds/institutions are not able or willing to take, by increasing instances in which GCF takes educated risks – to support technology development and transfer, first loss positions or participation in higher risk tranches – to demonstrate the viability of innovative approaches and deliver scale;

(k) Developing an effective strategy to leverage private finance through blended finance. GCF must understand the country context and as per that must invest in new business models and financial instruments and practices to establish a proof of concept for the private sector;

(l) Further advancing the framework for the programmatic approach within the GCF. Targeting diverse countries and diverse beneficiaries (offering different macroeconomic situation, market conditions, trends, etc.) is a good market practice and a natural risk mitigant that is fully inherent to the private sector activity and without which these programs would not succeed in mobilizing private co-financings.

(m) Communicating expectations and contributions clearly and transparently; engaging early to provide private players with a clear view of GCF intervention's possible terms (quantum, pricing, expected outputs and conditions);

(n) Factoring in the heterogenous nature of the private sector into the USP, defining what kind of private sector entities the GCF would like to work with, and how to create an enabling environment for them;

(o) Liaisoning with institutional investors such as commercial banks, investment funds, insurance companies, pension funds and sovereign wealth funds;

(p) Exploring opportunities to enhance programming with both international commercial banks and national commercial banks, fostering south-south learning, and leveraging groups like the Global Alliance for Banking;

(q) Creating strong partnerships and closing transactions with commercial and investment banks, particularly the large ones, thus sending clear signals on market direction and mainstreaming climate goals withing these organizations;

(r) Focusing on co-investment approaches between public, private, local, and international actors to promote a systemic transition from country commitments and plans to bankable investments;

(s) Cooperating with development institutions that have a private sector mandate and combine policy dialogue and technical assistance with investments;

(t) Using risk capital to underwrite the demand for carbon market instruments and their liquidity, e.g., through providing up-front debt funding to de-risk the critical construction stage in the carbon asset development process or offering liquidity support to provide a price guarantee for high quality and high integrity carbon credits, thereby enhancing cash-flow predictability and bankability for the private sector to engage. This would increase incentive to integrate carbon market instruments, that facilitate market creation beyond individual investments, into funding proposals.

70. Various submissions also raised **caveats as to the role of the private sector** in catalyzing climate finance, noting that:

(a) Private sector involvement and contribution is important, but not the silver bullet for each sector in all countries. There is a need for flexibility in requests for private sector involvement, depending on circumstances in country and sector; and

(b) Rather than the exclusive focus on the quantity of private sector finance leveraged through the GCF, the quality of private sector engagement should be the focus of the strategic vision, namely the extent to which private sector actors provide lasting benefits to the host country/ies through their GCF-supported investments in the medium- to long-term.

71. Some submissions also commented more broadly on the GCF's **role in catalyzing finance at scale**, noting:

(a) The Fund should Consider its catalytic or leverage maximizing approach by market;

(b) Transformative potential, such as through replicability and the development of local/national markets, should be the priority and is not reducible to "scale" as currently defined. Scale should be redefined as meaning more than just the amount of co-finance, or alternatively, the need for the phrase "at scale" here should be reviewed. Scale understood solely as a funding or co-financing amount is not enough to ensure the paradigm shift the GCF expects to achieve; and

(c) While the Fund is mandated to catalyse public and private funding, it should not move forward with the emerging co-investment approach, as it will significantly changes the nature and business model of the Fund and has a direct and negative impact on country ownership and the Fund's responsiveness to the needs to developing countries.

2.8.2 Private sector engagement with NDAs and country ownership

72. Various submissions highlighted the importance of the private sector **collaborating with NDAs and the public sector**, including at the local level, through:

(a) Raising awareness on existing opportunities, motivating and attracting investments, including through capacitating NDAs that should have good knowledge on the opportunities and process of getting climate finance with the private sector;

(b) Promoting and facilitating contacts (through partnerships/ workshops/ success stories sharing) between local DAEs and the local private sector, in order to catalyse private sector finance and encourage just transitions which benefit local economy;

(c) Providing readiness funds to craft private sector engagement approaches that link to public policy and NDCs. This is key to overcoming the usual divide in private sector engagement and public sector support/financing;

(d) Developing a well-defined road map for the involvement of the private sector in planning and climate change policy frameworks;

(e) Promoting Public-Private Partnerships which can handle topics that by their nature are normally overseen by the private sector such as, for example, carbon bonds market, financing for large capacity energy projects (renewable and friendly energy) that require high level of investments that only large caliver entities can finance;

(f) Involving the private sector in the design and implementation of GCF programming at the national level, to better understand investment barriers and jointly explore opportunities;

(g) Increasing the presence of the GCF in national programming with the involvement of the private sector, as opposed to seeking a specific private sector target; and

(h) Integrating private sector considerations into climate-related policies and plans by including specific roles and responsibilities, concrete actions, and timelines for specific actors.

2.8.3 Engaging domestic private sector and MSMEs

73. Several submissions highlighted the importance of the **local private sector**, noting the GCF should:

(a) Increase engagement of domestic private sector actors and leverage partnerships at the local level, as well as support those who want to advance green investments and new innovations;

(b) Stimulate smaller SME's and businesses and not only the large international cooperations or the public-private partnership models. This would require significant simplification of the application processes to GCF funding;

(c) Focus on supporting MSMEs, cooperatives and other locally-owned and locally-focused providers of climate-relevant goods and services, including through increasing the availability of local currency financing through local financial institutions (LFIs) and with guaranteed pass-through of GCF concessionality to local level actors. The assumptions that a "trickle down" of GCF concessionality to end beneficiaries will occur have to be checked, with commercial finance providers, including LFIs, held accountable to ensure that this is happening;

(d) Reflect the complexion of the local private sector in SIDS in its private sector approach;

(e) Prioritize local MSMEs financing in the SIDS and LDC;

(f) Develop approaches for engagement with MSMEs operating in constrained environments such as SIDS. Such approaches could include intermediary models that combine lines of credit with technical assistance for subproject preparation, or suites of options to support the private sector to build resilience in specific sectors common to SIDS, such as tourism, fisheries, local traders/merchants, and local private transport providers;

(g) Include a detailed analysis of the possibilities and actions to enhance local private sector engagement in the regional presence assessment;

(h) Put a greater emphasis on engagement with MSMEs and local actors, including through ensuring that the GCF Secretariat takes steps to recruit more staff with experience in this area; and

(i) Include a detailed analysis of the possibilities and actions to enhance local private sector engagement in the regional presence assessment.

2.8.4 Catalyzing private sector finance for adaptation

74. Submissions also highlighted the importance of the **private sector adaptation** programmes, noting that adaptation projects have low returns, are mainly financed by grants, and are generally less supported by the private sector. To enhance private sector engagement and contribution to resilience building projects, particularly as adaptation needs increase, submissions suggest:

(a) Giving special consideration to adaptation projects;

(b) Promoting cross-cutting projects as a way to engage the private sector in adaptation initiatives, as the private sector is traditionally focused on mitigation. Such holistic interventions will reinforce GCF partnerships and could lead to the provision of higher level of concessionally;

(c) Pursuing efforts that will increase private sector engagement in adaptation-related measures with MSMEs;

(d) Enhancing the private sector contribution towards developing and implementing NAPs;

(e) Supporting SMEs, with a focus on adaptation projects, including investments in supply chain management that incorporate climate adaptation risk management, and promoting guarantees to enable bank and supply-chain debt rescheduling in the face of business disruptions resulting from temporal climate change impacts is another channel to deploy private sector funding at scale in the adaptation space;

(f) Demonstrating explicit and well-advertised GCF leadership that could further demonstrate the viability of adaptation financing to more cautious investors;

(g) Developing innovative instruments such as blended financing that would allow for scaling up for adaptation finance without putting excessive burden on budgetary resources; and

(h) Placing an emphasis on grant funding to create transformative instruments that reward or incentivise market-based and performance-based approaches.

2.8.5 Instruments and modalities for catalyzing finance at scale

75. Several submissions touched on specific **financing mechanisms, instruments or modalities** that should be further developed to catalyze finance at scale, highlighting the

importance of innovation in financing as well as mentioning that the use of grants, guarantees and equity should be increased. Submissions suggested to:

(a) Increase the share of projects using innovative financial instruments (such as guarantees, equity and (re-)insurance) with high mobilization potential such as de-risking to support innovative business models, including in adaptation;

(b) Develop guidelines or toolkits describing how guarantees and equity instruments can be used in the country context to leverage private finance, as global trends highlight the potential of guarantees and equity to mobilize more capital than any other instrument as they expand developing countries' access to capital markets at a lower cost and longer maturities;

(c) Explore innovative financial instruments tailored to the private sector (e.g., microfinance, facilitating PPPs & blended finance);

(d) Develop a range of investable products such as green bonds, commercial papers, syndications that institutional investors;

(e) Develop innovative financing solutions (fair or sharing event) in partnership with the private sector and IDPs;

(f) Look at why financial instruments of equity, results-based payments and guarantee have not yet been mobilized at a large scale and striving to make these instruments more popular among accredited entities;

(g) Operate a risk mitigation facility to provide project-based guarantees without sovereign indemnity as a way to crowd-in private investment in large infrastructure projects in some countries;

(h) Analyse and experiment with new climate insurance products, including parametric insurance and crop and energy performance insurance;

(i) Explore new modalities to reduce foreign exchange risk related to GCF financing, as some countries have less liquid and less developed capital markets, where hedges are not yet possible;

(j) Allow flexibility for private sector activity through the financial conditions of loans, which are too restricted and do not correspond to the reality of the destination markets. The GCF should be more market-oriented and should elaborate on these different market conditions to end up with different positioning according the regions/countries;

(k) Mainstream performance-linked instruments (e.g., sustainability-linked loans and bonds) that provide a robust complement to the use of proceeds instruments, and follow the developments within 'transition finance' and support investments and instruments, as they allow constructive engagement with high-emitting sectors;

(l) Consider easing access to the PPF which would open channels for private sector participation; and

(m) Implement a biodiversity bonds system and an ecosystem service credit fund.

76. A number of submissions also touched on additional measures that **GCF could take to refine its private sector strategy and engagement**, including:

(a) Performing an assessment of the specific difficulties developing countries are facing in engaging with the private sector, matching GCF support to specific issues;

(b) Reviewing the implementation of the private sector strategy, including a critical assessment of its strengths and weaknesses, through an analysis of the needs of private

AEs, developing potential tools to overcome existing barriers to private entities' accreditation, and proposals to support AEs in mobilizing the private sector;

(c) Strengthening an action plan attached to the private sector strategy and the private sector outreach plan;

(d) Considering the optimal delivery/operational structure and capability to deliver private sector mobilisation objectives;

(e) Organizing a private sector dialogue every year to better understand the preconditions for active private sector participation, drivers for successful capital markets in the region, barriers to leveraging private capital, and required policy interventions; and

(f) Ensuring the private sector facility staff understand and have experience with private sector, contributing to effective dialogue.

2.9 Strategic priority 4: Access

77. Many submissions from all types of stakeholders noted that access to GCF funds should be simplified and accelerated, as processes for accessing funds are lengthy and cumbersome, with submissions pointing to long delays in various stages of interaction with the Fund.

78. Submissions noted that the difficulties faced by the Fund's partners could harm the reputation of the GCF in the long-term, and that problems and difficulties in access to financing, long bureaucratic processes and a bureaucratic burden make the GCF not agile and originate missed opportunities.

2.9.1 Accreditation and reaccreditation

79. As called for in the USP, numerous submissions highlighted that the GCF should adopt an accreditation strategy that could speed up access to funds and clarify procedures for engagement with fund stakeholders. One submission noted that given that the GCF is the largest fund promoting direct access, it should not approve an accreditation strategy that might effectively limit the role of DAEs or restrict them to a lower level of engagement.

80. Submissions including suggestions to implement a **strategic approach to accreditation** highlighted this can be achieved through:

(a) Addressing the lack of fundamental clarity on "who should be an AE", which may contribute to the weak programmatic alignment of the GCF with AEs going forward;

(b) GCF should consider how to help accreditation applicants who may not be ready or suited to be an AE find another role as a GCF partner;

(c) A formula or target/maximum number of AEs (maybe by type of AE) that match with the accreditation, programming and climate change project delivery capabilities;

(d) The AEs could be given differentiated mandates and responsibilities in the fields of mitigation and adaptation, depending on their expertise and positioning;

(e) The number of AEs should be reduced (stock) and stronger prioritization and conditionality (flow) are required. Many accredited entities have never even submitted one project or will need to be re-accredited before having submitted one;

(f) An institutional target of GCF for min. 2 proposals per AE per funding cycle can be counterproductive as it may lead to an implicit cap on number of projects per AE (quantity vs. volume). Predictability of framework set by GCF is essential for AEs, e.g., not to be limited through implicit caps after setting up "dedicated capacity for programming;

(g) Matching the strategy on the AE network with the longer-term vision for GCF and its programming objectives at the GCF portfolio level;

(h) 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;

(i) Focusing on the capacity building of AEs, for example offering active support to entities that may not have the capacity to programme more than one financial proposal;

(j) Implementing GCF policies, including accreditation and the project-specific assessment approach, with further efforts to improve efficiency and approve applications more quickly;

(k) Providing guidance on expectations for outcomes in terms of how many funding proposals would be expected or how much financing would be needed and through which types of entities; and

(l) Increasing the number of implementation partners, allowing for more equitable access to the Fund to a range of partners.

81. Multiple submissions highlighted the need to **choose entities for accreditatio**n **and reaccreditation** in a strategic manner, suggesting that the GCF should:

(a) Ensure that all entities have the capacity to submit funding proposals, through more strategic selection of AEs, including by considering their climate project capacities, and by improving the capacity building for existing AEs;

(b) Adopt a sharper focus on the Accredited Entities' value addition to GCF programming and mandate, by clearly defining and respectively raising the bar on who should be an AE, rather than the current first-come-first served selection of AEs;

(c) Focus accreditation of new DAEs or reaccreditation on building long-term capacity of local partners. GCF should consider how to help accreditation applicants who may not be ready or suited to be an AE find another role as a GCF partner;

(d) Implement a structured system or process for support to AEs in aligning with post accreditation expectations;

(e) Implement clearer criteria and benchmarking for re-accreditations, taking into account the quality of the entity's engagement with the Fund, in particular track-record of approved and implemented GCF projects, and the extent of its commitment to Paris alignment (including coal and fossil upstream exclusions, and strict limitations on oil and gas);

(f) Enhance the goal for GCF accredited entities to commit to and perform a portfolio shift – something which AEs should commit explicitly at accreditation, going beyond a mere consideration of a portfolio shift to align with the Paris Agreement;

(g) Develop clearer guidance or metrics to assess if the level of transition to low-carbon pathways in AEs' portfolios is acceptable. Thus far the GCF, in its Board decision on re-accreditation, has only focused on whether the AE has a policy on the matter, which seems to fall far short of the ambition of a paradigm shift. The GCF should be clearer about this in its update of the USP and other related policies;

(h) Define and operationalize a criteria for Paris-alignment for re-accreditation. In order to incentivize AEs to accelerate their portfolio shift, the GCF could elaborate a "climate-performance-based" approach towards AEs. This may entail the GCF setting stronger positive incentives for AEs to perform a portfolio shift. Such an approach would need to be identified and reviewed in line with the revision of the Accreditation Strategy and to be further detailed in the Updated Accreditation Framework;

(i) Require a better baseline methodology and place an increased emphasis on accountability for AEs shifting their portfolios, not allowing entities to use their GCF accreditation and relationship as a way of greenwashing their continued fossil fuel funding in their wider non-shifting portfolio. The GCF must maintain the highest standards for rights-based climate action during accreditation, as the policy and process infrastructure strengthened by this process should influence each entity's entire portfolio, climate or otherwise. This is a foundational element of the paradigm shift GCF can catalyze; and

(j) Disburse to countries/AEs based on the achievement of key results (including prior results) related to climate change in alignment with GCF investment criteria just like World Bank's Program-for-Results Financing approach. Using a country's own institutions and processes and linking disbursement of funds directly to the achievement of specific program results will make GCF accessing process much faster.

82. Submissions also touched on ways GCF could **improve the accreditation process**, noting:

(a) GCF should further streamline the (re-)accreditation processes beyond the UAF and aim to reduce the time of (re-)accreditation to less than one year, and ideally six months and increase efficiency and predictability of access to GCF funding maximized;

(b) The Fund should consider the need for a reaccreditation process, examining if it is a barrier to access or enhancing access;

(c) GCF should focus on developing some procedural waivers based on past performance to accelerate and streamline the approval process of AEs; and

(d) The Fund lacks a clear guidance or metrics to assess if the level of transition to low-carbon pathways in AEs' portfolios is acceptable. Thus far the GCF, in its Board decision on re-accreditation, has only focused on whether the AE has a policy on the matter, which seems to fall far short of the ambition of a paradigm shift. The GCF should be clearer about this in its update of the USP and other related policies.

83. Some submissions also commented on **wider aspects related to AEs**, noting that:

(a) GCF should build on respective AE's strengths and existing approaches as well as allowing for flexible solutions will help the GCF draw on its diverse partnership approach and deliver at its best.

(b) AEs cannot take up so called 'orphaned concepts' easily due to their accreditation scope, specific arrangements etc.;

(c) Allowing for more flexibility, trust and decision-making freedom for AEs during project implementation is desirable and needed for adaptive management (ESS, OM, other); and

(d) The GCF does not envisage any multi-partner framework between AEs while other international donors already have some (e.g. the European Commission). Such frameworks would allow more AEs to partner together under a FP sharing the different skills and expertise of each other, thus generating greater value added for the project.

2.9.2 Project Specific Assessment Approach (PSAA)

84. Specific comments on the PSAA included that:

(a) Project-based accreditation is strongly suggested. it is suggested to give priority in the accreditation process to the countries yet to have a DAE.

(b) The PSAA should be swiftly implemented; and

(c) The Fund should set goals and parameters for use of the Project Specific Accreditation Framework.

2.9.3 Direct Access

85. Specifically on the role of DAEs and their access to GCF funds, many submissions highlighted the need to **ease DAE access to funds and build DAE capacity**, noting that DAEs represented a limited share of the portfolio and pipeline to date, and DAEs had experienced additional difficulties in obtaining project approvals. Submissions noted that:

(a) There is a need to have more national accredited entities for countries to work with their mandate. This can be done by easing the process of accreditation for DAEs;

(b) GCF should build capacities among DAEs towards country programming and portfolio management earlier on in the accreditation process. In this vein, further Board discussions should be held on how to align the need for scaled-up ambition at global level with country-driven programming;

(c) Financial and technical support to DAEs should be increased, especially through PPF and building country ownership. There is an urgent need to expedite support needed from the GCF specifically in terms of technical support needed to turn concept notes into full-fledged proposals;

(d) Providing funding to DAEs as they work toward accreditation and develop full proposals would help project approvals; immediate "kick-off" funding for entities once they receive accreditation; combining the Readiness Programme and PPF to create a more straightforward and streamlined approach to support accreditation, project identification, CN development and the completion of full FPs; and ensuring that entities receiving support can use the funds where it is needed most and adjust funding purposes as needed, including for the time their own staff spend on the project;

(e) The recent direction of GCF to provide a panel of technical experts with expertise in GCF processes that can provide support to AEs and DAEs for the development of Concept Notes or SAPs is welcomed;

(f) 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, it is important to facilitate south-south knowledge sharing which is crucial to address adaptation and nature-based solutions, highly constrained by local conditions;

(g) The GCF could rely on the existing networks, like the International Development Finance Club for enhancing skills and capabilities of existing or future DAEs;

(h) The Fund should develop partnerships with institutions that are leaders in their respective sectors to provide technical resources and sectorial guidance to countries and AEs (particularly DAEs) to strengthen the quality of their project pipelines;

(i) Scheduling regular interactions and workshops with accredited entities and delivery partners could ensure that developing country partners understand the barriers and bottlenecks faced by them to ease their modus operandi in their respective countries;

(j) There is a need to ensure direct access of climate finance including for indigenous peoples and a mechanism in place to monitor this. These smaller-scale activities could include but not limited to capacity building of DAEs on indigenous peoples and engagement of IPAG with DAEs and other accredited entities and delivery partners as well as support for climate mitigation and adaptation activities of indigenous peoples at the local level; and

(k) Suggested policies should include an ex-ante impact analysis to counteract requirements which in many cases will have a detrimental impact on the ability of DAEs to successfully submit project proposals. It is not enough to approve such policies that overtax the capabilities of most GCF accredited DAEs and then mandate capacity-building, as this will delay DAE access to finance further (e.g., climate rationale, *de facto* co-financing requirements, and incremental cost approaches).

86. Multiple submissions put an emphasis on facilitating **IAE and DAE cooperation and knowledge sharing**, including through:

(a) Encouraging IAEs to assist with DAE capacity building, and encouraging partnerships between IAEs and DAEs by enabling co-leadership agreements for FPs;

(b) Being clearer about the implementation of existing guidance and policy, when it comes to IAEs providing support to DAEs to strengthen their ability to access GCF funding. In this context, the GCF should require projects to have national and local partners as a prerequisite for approval such as by twinning with DAEs in joint implementation and thus asking them to provide project-implementation capacity building support to DAEs through 'learning by doing';

(c) Considering how to promote localization within internationally accredited entities, such as by requiring projects to have local partners as executing entities as a prerequisite for approval or including capacity building for local organizations within programme budgets, following the principle of subsidiarity according to which implementation should be done at the most local level feasible;

(d) Requiring that any international access entity that comes into a country should have a component of direct access to be implemented together with direct access entity;

(e) Assigning an official role to AEs with GCF experience and capacity building expertise to support DAEs (e.g., "triple E" - enhanced executing entity);

(f) Incentivizing AEs to cooperate, through a goal on expanding DAE engagement, rather than a volume target as currently framed;

(g) Implementing technical assistance, mentoring programs, or joint projects/programs in which the DAEs could take advantage of the large size/Category A and high fiduciary standard status of the IAEs and be on-boarded as co-financiers or Executing Entities (when not yet accredited);

(h) Ensuring IAEs' reporting on support to DAEs comprises qualitative reporting – instead of quantitative reporting only;

(i) Resuming the discussion on the 'programmatic approach', which would allow more flexibility in programme coordination between the AEs;

(j) Suggesting exchange formats between NDA and (D)AEs (candidates) for more strategic accreditation and coordinated programming. This could encounter tendencies of DAEs with overlapping accreditation and sectoral scope on the one side, while coordinating and easing access on the other side. additional role of experienced AEs to support DAEs to be considered;

(k) Raising awareness on existing networks such as the CPDAE (or the Peer-to-Peer Alliance on Climate Finance Integrity) and encouraging entities to engage in peer exchanges, e.g., as part of their Readiness activities; and

(l) Considering collaboration as well as capacity-building support between DAEs having successfully submitted project/programme proposals, and those still lacking such proposals, especially for entities in the same country or region.

87. A few submissions touched on the relevance of the **Enhanced Direct Access pilot**, noting that:

(a) The GCF's Enhanced Direct Access window of finance has not lived up to expectations, with only 2 projects approved during the pilot's first five years. However, the underlying idea of devolving additional decision-making to the Direct Access Entity and other stakeholders remains very popular;

(b) GCF should further strengthen direct access, building on lessons learned from the enhanced direct access pilot, as well as consultations with stakeholders. The Enhanced Direct Access Pilot can be revised;

(c) The GCF could increase the funding for the pilot and provide more funding per entity, thereby increasing entities interested in the pilot. In addition, the GCF should more frequently work with DAEs to identify where there is demand for future pilots; and

(d) More enhanced direct access (EDA) can help in empowering direct access entities. Should start with an evaluation of the current pilot, improving the EDA approach through a focus on reducing perceived or actual hurdles, such as transaction costs and DAE compensation or willingness to take risks with locally-focused EDA approaches, and on finding ways to integrate EDA approaches into funding proposals more broadly, such as provision of small-grants funding with local decision-making and ownership as one component of multi-component projects or programmes.

2.9.4 Simplifying processes

88. Numerous stakeholders commented on the need to further simplify and streamline criteria and processes at different phases of project appraisal, approval and implementation, to match the urgency and uncertainty of climate change. Submissions that highlighted specific approaches for streamlining access noted that:

(a) There is still plenty of room for simplification in appraisal and execution phase. The GCF should align with the standards of other major donors like the EU, the Global Partnership for Education or Central African Forest Initiative (CAFI);

(b) More work needs to be done to further simplify the steps and the documents required for GCF funding;

(c) A combination of agile project preparation support, streamlined criteria and processes, and fit-for-purpose risk management (with requisite delegation to AEs to discharge their roles and responsibilities) is required to strengthen access;

(d) GCF should further streamline the (re-)accreditation processes beyond the UAF and aim to reduce the time of (re-)accreditation to less than one year, and ideally six months and increase efficiency and predictability of access to GCF funding maximized;

(e) At the appraisal phase, the GCF should systematically rely on the status of AE and not elaborate on aspects already covered by the accreditation/reaccreditation processes;

(f) High standards and thorough assessment at each step of both accreditation and for each project by Secretariat slows processes and are a hurdle especially for (D)AEs with less capacity – the GCF should lighten assessment during each project development for accredited entities (e.g. GCF SEAH policy comparison to AE´s own policy for each project, rather than once for the AE; same questions on AE´s budget calculations and specificities for each project, even though AE approach same as agreed in AMA). This will increase efficiency by trusting already assessed AE;

(g) Relying on the long-standing and proven policies and procedures of GCF's partners will help speed up and scale up climate action and contribute to the successful execution of GCF's vision. Leveraging the experience and established policies of institutions enables the efficient delivery of results and reduces risks and implementation costs;

(h) Having more flexibility on the formal documents requested (NOLs, co-financing letters, etc.) would be a real advantage, as appraisal cycles are sometimes blocked for simple questions of wording that require restarting collection processes;

(i) The Fund should explore simplification of documents' length and requirements beyond SAP projects;

(j) Streamlining applications to the Private Sector Facility window and the Enhanced Direct Access window;

(k) The Fund should match its risk appetite to the scale and scope of financing provided. Risk aversion at the Fund impacts all its criteria and processes and imposes a heavy burden of data and analytical requirements on countries, especially those most vulnerable;

(l) GCF should provide more consistent guidance/information on incremental costs and the level of concessionality;

(m) The Fund should simplify and streamline measuring processes, including through improvements to APR process that includes questions previously answered in FAA or previous APRs;

(n) The fund should address the significant imbalances in the times allocated to each task, particularly in the implementation phase, notably with too much time spent on reviewing the APRs with very long and unacceptable delays. The APR's level of detail is too micro. The secretariat should not go into so much detail on each review. The mid-term and end-term evaluation audit missions are the right steps to do that; and

(o) Collaboration and coherence with other funds' processes is also relevant to ease and reduce the burden on delivery partners.

2.9.5 Other measures for improving access

89. Other submission on improving access to GCF included that the Fund should:

(a) Base opportunities for improvement to overcome operational bottlenecks in GCF programming 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;

(b) Strive for the right balance between requirements requested to its partners and the need to ensure swift access to GCF resources. 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 fulfils GCF standards. We also consider that the approval process could be expedited for small projects and small risks;

(c) Capture bottlenecks in access to GCF funding, including the barriers to national accreditation for direct access and the barriers to national accreditation, in consultation with countries and direct as much readiness and preparedness support to facilitate national accreditation and to underpin public-private partnerships;

(d) Pay closer attention to how language barriers may affect countries' effective access to GCF resources, including in terms of duration of the FP development phase. Many partners from non-English speaking countries may face specific difficulties in navigating GCF procedures and operational modalities; and

(e) Launch an online knowledge-sharing platform or agora, helpful for the AEs and NDAs in sharing information, experience, and challenges in the accreditation or funding processes, and raise awareness on existing networks to encourage entities to interact, creating knowledge hubs and information centers for stakeholders to assist with faster approval of funding proposals.

2.10 Operational and institutional priorities

2.10.1 Policies and Governance

90. Several submissions noted the importance of improving fund operations through adoption of a **fund wide policy framework**. Submissions noted that:

(a) The lack of robust and comprehensive policy framework raises concerns and risks the reputation of the fund;

(b) GCF should commit to establishing a coherent and formalised fund-wise policy framework in USP-2, building on the recommendations by the Secretariat as outlined in GCF/B.33/Inf.08. As the fund matures, it is essential to reduce complexity and arbitrary nature of processes, including the format and implementation of policies and their interrelations within a policy-hierarchy;

(c) In tune with its increasing maturity and complexity, the GCF should adopt an overall policy framework that articulates the multitude of strategies, standards, policies, guidelines and operational guidance into a coherent whole. This should include a clear determination of roles in developing, adopting and implementing such guidance; and

(d) The fund should formalize and adopt an overall policy framework to ensure policy coherence and establish clear relationships between policy instruments.

91. Additional comments on **GCF policies** included that:

(a) GCF should continue to close existing policy gaps, in line with guidance received from COP26;

(b) The Board and Secretariat should prioritize updating the environmental and social safeguards and management system, including, inter alia to better mainstream gender and human rights, including indigenous peoples' rights, and civil society engagement across the GCF's operations. Further action should also be taken where operational modalities or policies are due an update and/or have been recently evaluated;

(c) GCF should ensure that strong and robust policies such as the Environmental and Social Policy, the Indigenous Peoples Policy, and Gender Policy are really implemented, reported, monitored and measured against the GCF investment criteria. Likewise, monitoring and reporting of projects against GCF safeguards and policies including IP Policy, is crucial;

(d) A clear human-rights cantered approach is required to ensure responsibility and accountability of the fund;

(e) The GCF must review its governance, probably the area where the GCF is the most lacking compared with its peers. The Fund should close all remaining policy gaps, such as the Accreditation Strategy and the Investment Framework (i.e., concessionality, programmatic approach and incremental and full costs), as well as governance related policy gaps such as on policies for decisions between board meetings and the review of the effectiveness of committees and groups;

(f) The GCF should address gaps, incl. programmatic approaches, concessionality & further guidance, and provide clarity on major or minor changes, especially ones that should be approved by the Board;

(g) Regarding policies that have been adopted or updated recently, these need sufficient time to be implemented and take root before enhancements or adjustments should be made. Still, it is necessary to monitor their implementation so that potential adjustments can be recognised in good time. Further, independent reviews shall be undertaken of these policies, and longer-standing ones, at suitable intervals, using a comprehensive and inclusive approach;

(h) Policy areas identified by IEU as not yet addressed in the GCF policy suite should be addressed through the USP.

92. Multiple submissions noted that the **current structure of the board** should be improved. These submissions highlighted that:

(a) The GCF has indeed a unique governance, bringing together developed and developing countries on an equal foot, and relying on consensus, inherited from climate international conventions. Although this system offers the opportunity of a political partnership, it has also created tensions at the Board due to divergences of views. This leads to delays in the adoption of structural policies for the operation of the Fund, lack of transparency and loss of attractiveness for the fund;

(b) In order to improve Board governance, simplify GCF's processes and strengthen the maturation of the fund, elements to allow the board to work as "one board" need to be identified, with a view to facilitate work across constituencies. This may include moving beyond existing informal structures which contribute to bloc-building in the Board;

(c) 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;

(d) The fund should intensify efforts for ensuring the guidance of the Governing Instrument on gender balance of the Board, thereby improving governance issues; and

(e) The board should build on the newly found more constructive and solution-oriented spirit.

93. Some submissions noted that that there is room for greater cooperation between GCF institutional actors in the **decision- making process,** delegating further to the secretariat. Submissions included that:

(a) The role of the Secretariat, Board Co-Chairs and Board Committees in the decision-making processes and delivery of the USP must be examined more deeply to make the GCF more effective, efficient and impactful;

(b) There is room for a greater role for the Secretariat in operational decisions, including the adoption of operational guidance, and as a facilitator in Board decision-making, reflecting the increased maturity of the GCF's organizational development and enhancing the speed and responsiveness for developing countries. The Board's work should focus on strategic decisions and not micro-managing administrative and operational issues; eliminating thus the backlog of Board decisions;

(c) The predictability of GCF decisions is one of the governance issues, another one being the transaction cost imposed on all GCF partners.

(d) GCF should enhance the role of youth in the process of decision-making, considering a youth active observer and recommend that all countries and Accredited Entities include a formal role for youth in the development of country programmes;

(e) Greater use of decisions between meetings should be considered;

(f) Voting in the absence of consensus should be made easier; and

(g) Improvements should be made regarding timely circulation of documents and the ability to hold meetings as scheduled by fixing and adhering to a yearly plan for Board meetings.

94. A few submissions also touched on the **interface between GCF organs**, including that:

(a) To improve governance, the GCF should secure well-functioning and fully independent units (IEU, IRM, IIU);

(b) IEU's work to undertake a review of Board governance is welcomed, noting interest in its findings;

(c) The proper functioning of the fund relies on the extensive and permanent coordination of four families of actors: the board (including its committees, panels and groups), the secretariat, the CCs and the independent units. These actors must have a well-defined role in order to work in a complementary manner in the decision-making process and have the capacity to carry out their missions in transparency; and

(d) Unresolved issues in the Updated Committee Guidelines should be resolved, such as election of Chair in absence of consensus, transparency of committees, requirement to hold meetings regularly, role of the Secretariat in assisting the work of committees, etc.

2.10.2 Resourcing for implementation of the USP

95. Various submissions noted that the USP-2 should consider the **resources required to implement GCF's ambitious vision**, with a focus on organizational structures and staff recruitment and retention. In this context, submissions noted that:

(a) The GCF's vision is vast, and inadequate staff capacity–and a slow process for building staffing resources–has the potential to limit the scope of possibilities under replenishment. The GCF must commit to more quickly scaling its staff and be allocated continued resources to do so;

(b) It is important to have visibility on implementation costs of the USP, ensuring there is no increased aspiration without a strong foundation of resources;

(c) 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;

(d) The fund can increase the attractiveness of the GCF for staff, including through a critical analysis on disadvantages and advantages of the GCF as an employer;

(e) High turnover is affecting the effectiveness of the institution to deliver; and

(f) The GCF Secretariat is understaffed/under-capacitated to provide the necessary due diligence oversight and support for the successful implementation of approved GCF projects and programmes, including in particular with respect to compliance with ESS, gender and IP policies and relevant disclosure and transparency provisions. GCF should have due diligence oversight commensurate with the risk level and scale of GCF projects and programmes, with active and routine engagement, including regular site visits, for all Cat. A/I-1 projects and programmes with sub-projects. This means a significant staff increase devoting their attention to portfolio implementation, including in particular more staff focused on ESS, gender and IP.

2.10.3 Regional presence

96. Various submissions also that USP-2 should explore how **regional GCF offices could support the implementation of GCF's strategic objectives,** noting:

(a) Regional presence could ease access to GCF resources and improve collaboration with its country partners;

(b) The pros and cons of a regional presence need should be analysed and discussed;

(c) GCF should develop regional presence to bring GCF staff closer to countries seeking to access the Fund; potential to coordinate and align with other Funds at regional level;

(d) USP-2 should commit to moving GCF's regional presence forward, with a view to operationalize in due course, to facilitate the communication/interaction between DAEs and NDA on the one hand and GCF on the other;

(e) Having a regional presence of the GCF will enable to bridge gaps in implementation and will facilitate an effective and efficient collaboration mechanism with the GCF. Establishment of regional presence should be given highest consideration by the board and the secretariat; and

(f) The fund should establish local offices. It is suggested to hire staff for each country so that a better advice and capacity development is provided by GCF on processes. Likewise, engage local entities and/or stakeholders, civil society, financial sector. MARN accreditation as Accredited Entity for the management of fund.

2.10.4 Operational improvements

97. Several submissions noted the need for enhancing **transparency i**n the organization processes. Submissions included proposals to;

(a) Disclose country programmes and early ideas or concept notes under development;

(b) Improve the transparency of the GCF project pipeline, to allow partners and other climate finance providers to explore potential synergies with GCF projects;

(c) Make annual progress reports (APRs) openly available;

(d) Publish disaggregated information on the use of its resources, particularly at sub-project level on procurement, to enhance transparency;

(e) Develop the GCF's adaptive management approach to align response times and requirements for waivers with business needs on the ground;

(f) The need for consulting NDAs minor changes, in particular for issues that are either confidential or contractual aspects, should be adjusted;

(g) Organize webinars for AEs to disseminate information about the updated version of the funding proposal template which reflects the requirements of the newly adopted IRMF, and share the tracking tool for the IRMF;

(h) Further improve the transparency of results;

(i) Review and update operational modalities, policies, and appropriate institutional capacities in close consultation with key stakeholders such as civil society and operational partners; and

(j) Increase transparency and public accountability of the extent to which leverage promises by GCF private sector projects and programs are being fulfilled.

98. **Additional comments on operations** included that:

(a) Elements not yet implemented from the Strategic Plan 202-2023 should be addressed;

(b) The Board should assess which of the current operational priorities are ongoing and should be continued into the GCF-2 programming period;

(c) At B.36, the Board should adopt the USP alongside the next 4-year work plan for the GCF-2 period to ensure operational priorities are mandated and time to fit within the agree 4-year cycle of work;

(d) Institutional efficiencies can be achieved through more agility / faster decisions within the GCF secretariat, with timelines addressed in the USP;

(e) More responsive and non-bureaucratic ways are needed by the GCF to work with countries;

(f) Implementation guidelines could be useful for AEs;

(g) The review of project documents by the teams of the Secretariat should be more centralized. This lack of coordination leads to a multiplication of exchanges and misunderstandings within the teams;

(h) Duplications and overlapping questions or requests of separate units within the secretariat should be addressed, with processes simplified and inter-department synergy increased;

(i) The GCF needs to continue reviewing and improving its own capacities, in particular of the Secretariat, in areas such as private sector engagement;

(j) Attention to GCF due diligence difficulties is required, ensuring project implementation is in compliance with standards of transparency and accountability;

(k) The fact that any new policy may be enforceable (as per the AMA) to all projects being implemented does not create the environment ensuring the contractual security that is necessary for good business relationships with local partners;

(l) The GCF needs to reflect on the objective of aligning financial flows with Paris goals in its own operations and in the portfolios of its partners. To do this The GCF should commits to turn into a net-zero organisation and commit to work with partners which are fully aligned with the 1.5°C limit and the Paris Agreement goals. In case Paris-alignment has not been achieved yet, partners should be required to provide comprehensive, explicit, and credible strategies on how to achieve Paris-alignment;

(m) 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;

(n) GCF should develop a more comprehensive Outreach Strategy, as the GCF is not as widely recognized as it should be, being the largest climate fund in the world. The GCF should expand its outreach programs, promoting and sharing its achievements and engaging more actively with various stakeholders;

(o) Engagement of stakeholders beyond AEs and NDAs – notably with observers – is still largely haphazard; GCF still lacks a clear observer engagement strategy and procedures. For example, there is still no full staff directory available online; no routine outreach or engagement for feedback of observers on the development of operational guidelines nor a clear expectation communicated to GCF Secretariat staff that such engagement is an important part of their job description, cutting across all departments; and

(p) Language justice should be explicitly integrated into the GCF's operational modalities as part of ensuring transparency and accountability. Greater attention to timely translation of all GCF policy and operational documents into at least French and Spanish, with increased attention to ensuring quality interpretation of webinars and meetings. Working to create summary project and programme information in the local languages of the communities where projects and programmes are being implemented, considered through the project/programme cycle and not only at the point of ESS assessment.

2.10.5 Monitoring, evaluation, and reporting

99. On measures for measuring, monitoring, and reporting, a few submissions from different stakeholders noted that the current measures, particularly post development of the IRMF and considering the status report on the USP to the board, are **enough or should not be complicated further**.

100. Many submissions, however, highlighted the need to **improve or develop** existing measures for monitoring, reporting and evaluating, noting the importance of learning from programming and improving project design.

101. On **results management** framework and indicators, submissions included proposals to:

(a) Further enhance the reliability of mitigation results reporting (CO2 emissions reductions), and of current core indicators 2-4;

(b) Focus on getting and analysing data on achieved and verified results and find ways to use this information in decision-making;

(c) Improve reliability of estimates of impact potential, starting during the evaluation of funding proposals;

(d) Strengthen results indicators per sector or at the project level;

(e) Simplify performance indicators that are difficult to measure during the implementation phase;

(f) Clarify the extent to which paradigm shift can be measured in impact assessments;

(g) Improve methodologies for measuring private sector finance, leveraged finance in line with international best practice and COP guidance;

(h) Include markers for biodiversity that allow monitoring GCF activities in line with the post-2020 Global Biodiversity Framework, and further develop clear metrics to track GCF's support through nature-related activities;

(i) Improve information through disaggregation by sex, to show the impact on women beneficiaries, as well as on how much is being accessed by the most vulnerable within countries, including women, indigenous peoples, and local communities, creating appropriate indicators for these;

(j) Focus indicators on quality and projects and programmes and their successful implementation with full compliance with the GCFs standards and safeguards, including ESS, gender and IP requirements, and not on scale of finance programmed. Specifically for the private sector, where a focus on leveraged financing seems to have entirely replaced a focus on qualitative outcomes with assured benefits for host country communities to be sustained even when investor's engagement ends;

(k) Recognize as part of the measurement of quality the extent to which implementation of GCF projects and programmes strengthens the policy frameworks, institutions and local capacity in recipient countries as a way of building the enabling environment for enhancing the ability of country actors to directly access and implement climate finance through strengthened local expertise, in engaging with the GCF as well as other bilateral and multilateral climate finance providers;

(l) Advance coherent results management in collaboration with other climate funds;

(m) Develop an updated results framework to accompany the USP2, along with speedier GCF decisions and procedures to implement it;

(n) Ensure the Integrated Results Management Framework (IRMF) evolves 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.

102. On **M&E and reporting**, submissions included proposals to:

(a) Strengthen the Monitoring & Evaluation coordination among all fund stakeholders, through capacity building among all its relevant stakeholders from whom its requires monitoring assessments and reports;

(b) Develop an M&E approach separately for the adaptation and mitigation programmes;

(c) Help countries to prepare annual performance audits of GCF programmes and other reports, as well as helping them submit reports;

(d) Develop tools and indicators (such as surveys, data quality assurance mechanism through development of MIS specific to the reporting requirement etc.) to assess the cumulative results of the overall M&E progress report;

(e) Make provision for both quantitative and qualitative indicators in the reporting template, illustrating a more comprehensive and well-articulated representation of monitoring;

(f) Improve impact assessments, including through segregated information in the measuring and evaluation measures, including on information on ex-post progress for projects that have reached some level of completion;

(g) Develop adaptation and mitigation evaluation programmes that integrate with national development M&E systems conduct a cross-sectoral review of new GCF applications with a strong emphasis on cross-sectoral implementation;

(h) Organize regional or country-specific workshops to assess the performance and outcomes of GCF support and feedback on the programme;

(i) Improve the frequency of performance reviews through the IEU to measure, monitor and report progress towards the GCF's strategic vision, which may help GCF improve its efficiency and effectiveness of its operations and achieve scale;

(j) Evaluate strategic objectives against a benchmark of performance. The GCF needs to review progress towards the goals annually against a performance matrix that comprises of assessment of qualitative and quantitative indicators to help evolve its strategic objectives; and

(k) Allow for flexibility in terms of reporting when there is co-financing to avoid doubling the reporting burden on project teams.

GREEN CLIMATE FUND

Annex to synthesis report of input submissions on the review and update of the Strategic plan 2024-2027

I. Introduction

103. This Annex contains inputs from various stakeholders of the GCF on specific sectors and activities the GCF should consider for GCF2, as well as some suggestions for activities to be avoided.

II. Inputs relating to Sectoral Programming

2.1 Energy

104. Comments on the energy sector included that the Fund should:

(a) Focus on eradication of energy poverty, which persists in Sub-Sahara Africa, and strengthening all efforts toward improved energy efficiency, which could significantly bring positive results towards emissions reductions;

(b) Support priorities on clean energy (e.g., wind energy, collar energy, biomass energy, geothermal energy, hydrogen energy, ocean energy), energy technology innovation (e.g., fuel cell and hydrogen technologies, advanced energy storage technology, energy efficiencies, CCUS, etc.);

(c) Maintain mitigation focus on the energy sector, which remains the main contributor of GHG emissions. In this perspective, the FP189 project presented at B33 is a very good example of the expectations in this field. Indeed, this large-scale and regional project stimulates the decarbonization of urban mobility within the decarbonization of the electricity sector;

(d) Combine CCS with the programmatic approach, as it represents an important opportunity for countries to meet a large proportion of their emissions reduction. A separate submission, however, mentioned that CCS projects should be avoided;

(e) Double down its efforts to support energy efficiency. In addition to mitigation benefits, this is essential to help developing countries in their competitiveness going forward, while reducing costs for their populations;

(f) Invest in developing grid expansion and storage capacities to enable the deployment of renewable energy at scale;

(g) Support accelerated decommissioning of fossil fuel assets, while considering a just transition of the affected workforces. This needs to be accompanied by a parallel expansion in renewables, grids and storage;

(h) Provide concessional resources for the low carbon fuel market, to create appropriate regulatory environments, support the most challenging components of the value chain, and kick-start the market through reallocation of market risks; and

(i) Explore tailored instruments for incentivizing electrification of transport in developing countries, especially for replacement of existing fleets and roll-out of charging points. Concessionality is needed to cover, or at least minimize, the difference in upfront costs between ICEs and EVs and to ensure the availability of long-term funding for charging infrastructure, which in the first stage of transition towards e-mobility faces uncertain utilization rates.

2.2 Land use and forestry

105. Comments on land use and forestry projects noted that:

(a) It is not clear why the full potential of instruments like REDD+ has not been realized (e.g., a full-fledge GCF REDD+ RBPs scheme, able to finance results from countries, especially while carbon market mechanisms are still being put in place (Art. 6) and while the international community needs substantive progress by 2030);

(b) It is important that the GCF, as the main financial mechanism of the UNFCCC, sends a strong signal that sufficient and predictable funding is – and will be available – to finance actions to reduce GHG emissions in the LULUCF/AFOLU sector/s, as it is one of the key sources of emissions, especially in the developing world. Article 5 of the Paris Agreement is about REDD+. The GCF is meant to provide substantial, continued and predictable financial resources to achieve it;

(c) For Climate Change mitigation, one of the most promising opportunities in developing countries is to keep addressing GHG emissions in the LULUCF sector. Yet, despite a successful and pragmatic pilot programme of REDD+ Results Based Payments (RBPs), the GCF has not moved to set the very RBPs scheme, building on the pilot's lessons and making it broadly available. This is critical to provide assurance to countries that this is an engagement that will last and will be available in the mid and long terms. Intervention in the LULUCF sector should be financially managed with a long-term perspective, as the reforms are complex, and finance is a key incentive mechanism. In the absence of a financial mechanism for such interventions, it is unlikely that GHG ER will last over time or that countries will undertake complex reforms;

(d) The GCF REDD+ RBPs pilot left insufficient funds disbursed to countries that presented ERs to this pilot (i.e., Argentina and Paraguay). Similarly, countries that will be able to present new GHG ERs to this window have no certainty about the availability of funds now and in the future. GCF has not provided any signal to countries to trigger further motivation and action to further reduce GHG emissions in the LULUCF sector;

(e) Since most funding under the GCF is public, there is a great opportunity to find complementarities with private finance. Although this is easy to suggest, the actual practice is complex, but necessary. For example, in the LULUCF sector a good part of the paradigm shift must engage the private sector that generally is engaged in actions that drive GHG emissions. Business models need to be created and proofed engaging the private sector, which could be part of a GCF programmatic approach involving different finance windows (i.e., Forests and Land Use, REDD+ RBPs & private sector facility);

(f) For the LULUCF sector, GCF could build upon the progress achieved in the REDD+ readiness process, and in the execution of the REDD+ RBPs pilot projects. Countries that accessed these resources should be invited to provide input and participate in discussions aimed at defining the future finance of the Forests and Land Use window and the prospects of what could be a REDD+ RBPs window;

(g) Given the importance of forests for both mitigation and adaptation, further accelerating the paradigm-shift in GCF's forest-related activities is particularly relevant. The GCF should explore the potential for a programmatic focus on forest finance. In this vein, GCF should further develop and diversify GCF forest funding instruments, with funding instruments tailored to the capacities of recipient countries. This should include but go beyond results-based finance instruments (e.g., REDD+). Additional measures may include support for readiness/capacity conditions; investments into low-carbon land use; supporting actors that do not have access to forest-related carbon market access, yet; explore programmatic (non-market) approaches to tackle drivers of unsustainable practices (e.g., by supporting governance, land use planning, alternative income approaches); and

(h) GCF should pursue projects related to forest carbon sinks and new REDD+ RFP projects.

2.3 Agriculture, Food systems and water

106. Comments on agriculture and the need for projects relating to food systems noted that GCF should:

(a) Prioritize agriculture and farmers and earmark resources for them;

(b) Focus on unlocking the potential of soil organic carbon;

(c) Focus on micro-irrigation;

(d) Focus on food security and safety nets for food; and

(e) Recognize that following the UNFSS it is crucial to fund holistic food systems transformation to achieve a paradigm shift. The UNFSS side event organized jointly with CGIAR, GCF and others is proposing clear entry points to do so;

(f) GCF support is needed to bridge the gap in investment for water infrastructure and irrigation, water-efficient technologies, alternative water sources, desalination, and flood and drought mitigation measures, or investment against soil degradation.

2.4 Ecosystems and nature-based solutions

107. Nature based solutions were highlighted in a number of submissions as important for protecting forests and wetlands, helping reduce greenhouse gas emissions to net- zero by 2050, limiting the rise in global temperatures, and addressing the degradation and loss of species habitat.

108. Comments on ecosystems and nature-based solutions noted that:

(a) The GCF has four adaptation results areas, but they do not have a defined NbS approach;

(b) The development of a system to track and report on benefits for biodiversity, aligned with the expected Post-2020 Global Biodiversity Framework, is encouraged; and

(c) The Fund should use opportunities for nature-based solutions and upscale good project examples and best practices of smaller and regional funds in this area.

2.5 Early warning systems

109. Comments on Early warning systems included that:

(a) Further emphasis should also be placed on the opportunities to scale programming on information and early warning services to build resilience and reduce disaster risks, in line with the Sendai Framework;

(b) GCF could work on parametric insurance schemes;

(c) The Anticipatory Action model draws on credible forecasts of extreme weather events to enable action in advance of, or in early response to, predicted impacts, rather than responding to emergencies after they happen. This can help to prevent or reduce harmful impacts amongst at-risk populations. The GCF should include anticipatory action and adaptive social protection mechanisms in its guidance to partners to ensure there is increased awareness that these mechanisms can be effective tools in building climate resilience among vulnerable populations.

2.6 Loss and Damage

110. Comments on loss and damage noted that:

(a) Given the increasing impact of extreme and slow on-set events related to climate change, it is critical to increase the GCF's activities on Loss and Damage. Therefore, the GCF needs to reflect how its current modalities may address issues related to Loss and Damage more prominently, exploring further options for addressing Loss and Damage without compromising funding for adaptation/mitigation. Some elements could even already be implemented in GCF-1 and further developed for GCF2;

(b) The GCF could develop specific guidelines and targeted pilot programmes on L&D (through RfP). Such guidelines/programmes should identify and prioritize relevant measures to address L&D. During the process of setting up guidelines/programmes, the GCF should ensure transparency and inclusiveness by consulting AEs, the Warsaw International Mechanism for L&D and specialized technical groups; and

(c) The GCF should consider integrating Loss and Damage in readiness activities. Potential measures may include readiness funding for comprehensive risk assessments; capacity building in relevant areas; knowledge-sharing among AEs and NDAs; and project preparation for Loss and Damage relevant activities.

2.7 Health, education and social protection

111. Comments on health, education and social protection included that:

(a) Climate change will shape the future health of all communities. It will also deepen inequities – inequality increases the exposure of disadvantaged social groups to the adverse effects of climate change. Inequality increases disadvantaged groups' susceptibility to these adverse effects. And inequality decreases their relative ability to cope with and recover from the damages they suffer. Climate change will disproportionally impact poorer communities, including children that are underserved. Under current Paris Agreement country commitments, a child born in 2020 will experience on average twice as many wildfires, 2.8 times the exposure to crop failure, 2.6 times as many drought events, 2.8 times as many river floods, and 6.8 times more heatwaves across their lifetimes, compared to a person born in 1960;

(b) Climate-related extreme events disrupt education through school closures for millions of children each year. Children's learning, physical safety, mental health and psychosocial wellbeing is threatened by damage to – and destruction of – early childhood education centres, schools, learning facilities, and education systems. When children and their families are displaced by environmental threats and climate impacts, the risk of dropping out of school dramatically increases. Increases in temperature have also been shown to decrease educational outcomes;

(c) GCF should redouble its efforts to support health-related actions in its adaptation portfolio and to work with countries and entities to develop a pipeline of education-focused projects to ensure that children are safe from climate extremes while at school and are being equipped with the knowledge and resources they will need to thrive in a world with a changing climate; and

(d) Social protection systems should reach all children as enshrined in the Convention on the Rights of the Child and SDG 1. Social protection schemes – if designed to be child-sensitive, inclusive, shock-responsive and adaptive – have the potential to effectively and efficiently reach many children and their families with basic cash support before, during and after climate shocks. Significant evidence exists on the effectiveness of cash to help children survive, learn and be protected.

2.8 Other areas

112. Other focus areas mentioned in submissions included:

(a) Infrastructure;

(b) Floods and storm damage;

(c) Water Harvesting; and

(d) Mountainous areas, noting that given the special challenges and functions of mountainous regions, for both mitigation and adaptation, the GCF could develop an issue note on mountains that helps orient project development where relevant.

2.0.2. General comments

113. **General comments** on the scope of GCF projects included that:

(a) Adaptation and Mitigation strategies need to support range of urgent (including social protection and safety nets for food, health and water security and livelihoods; energy access) and long-term structural transformations, including just transition to green economies and transformations on agri-food systems, urban, and land and ocean ecosystems. One of the key lessons, therefore, is the need for agility to respond to and contribute to recovery and transitions as well as the need to integrate better with the humanitarian and development finance and fiscal support to countries reeling the most from the multiple crises;

(b) 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.;

(c) Qualitative needs analysis shows concentration of mitigation needs for RE, LULUCF and transport; and adaptation needs for agriculture, water, EWS, coastal zone management & health;

(d) The GCF must commit to investing in the myriad ways in which rights-based approaches build climate resilience, such as the realization of sexual and reproductive health and rights, a key adaptation approach, and the development and maintenance of social protection systems, particularly those that accessibly serve the most vulnerable and marginalized within discrimination, as fundamental to reducing shocks from climate-exacerbated disasters;

(e) Promoting a paradigm shift towards low emission and climate development pathways in the context of sustainable development can be best achieved when indigenous led solutions that have been proven to work through many generations in climate actions. These initiatives may include but are not limited to territorial management (including forest and water management), food and agriculture, ecosystems-based management and other appropriate technologies and innovations.

114. Some submissions also **discouraged GCF investment in certain areas,** noting**:**

(a) As a 'green' climate fund, the GCF cannot be technology-agnostic. For the GCF-2 programming period, the GCF should have a clear exclusion list of approaches and technologies that are counter to the mandate and the vision of the GCF and are antithetical to the paradigm shift that the GCF wants to support. This means avoiding false solutions, such as those focused on 'net-zero' emissions and relying on largely unproven and costly geoengineering technologies such as carbon capture and storage (CCS), including as related to bioenergy approaches (BECCS), as those expand the lifespan of fossil fuel infrastructure and perpetuate the fossil fuel economy, including related harmful regulatory and tax policies (such as subsidies) that make it harder for sustainable renewable energy approaches to take hold and gain regulatory favor in recipient countries. Such no-go areas for GCF funding support should also include the provision of support for nuclear energy, large-scale biofuel and bioenergy approaches, monoculture forest plantations as well as (in the name of resiliency) support for large-scale hydropower or grey infrastructure construction; and

(b) The GCF should drop projects which relate to Commercial, Industrial, Mining Infrastructure activities and Urban centres.

115. Several submissions also touched on **synergies between sectors**, noting that:

(a) It would be important to look at the synergies and trade-offs between the agriculture and food security sector guide, forest and land use, energy, water, health etc. and strengthen cross-sectoral investments instead of mono sectoral investments for through transformation. A good example is the water-energy-food nexus which requires increased financing arrangements to support implementation and ensure that climate related interventions deliver benefits on adaptation and mitigation across sector;

(b) It will be paramount to earmark specific "sectors" and focus areas of water and energy alongside agriculture to deliver. Currently the agricultural sector is receiving more mitigation/adaptation related funds with spillovers to the water and energy sector. It will be important to channel funds in a way to stimulate cross sectoral collaboration and increase mitigation/adaptation funds to the water (e.g., irrigation, storage, re-use) and energy sector (e.g., productive use appliances); and

(c) Combining energy transition and transport transition is a particularly interesting dimension. It would also be relevant to develop synergies between the decarbonization of the energy sector and those of industry.
