

Updated Strategic Plan for the Green Climate Fund: 2020-2023

This document captures the policy as adopted by the Board in decision B.27/06. The policy was sent to the Board for consideration at B.27 in document GCF/B.27/21 titled "Updated Strategic Plan for the Green Climate Fund: 2020-2023".

All decisions and documents adopted at B.27 can be found in document GCF/B.27/22 titled "Decisions of the Board – twenty-seventh meeting of the Board, 9 – 13 November 2020".



Updated Strategic Plan for the Green Climate Fund: 2020-2023

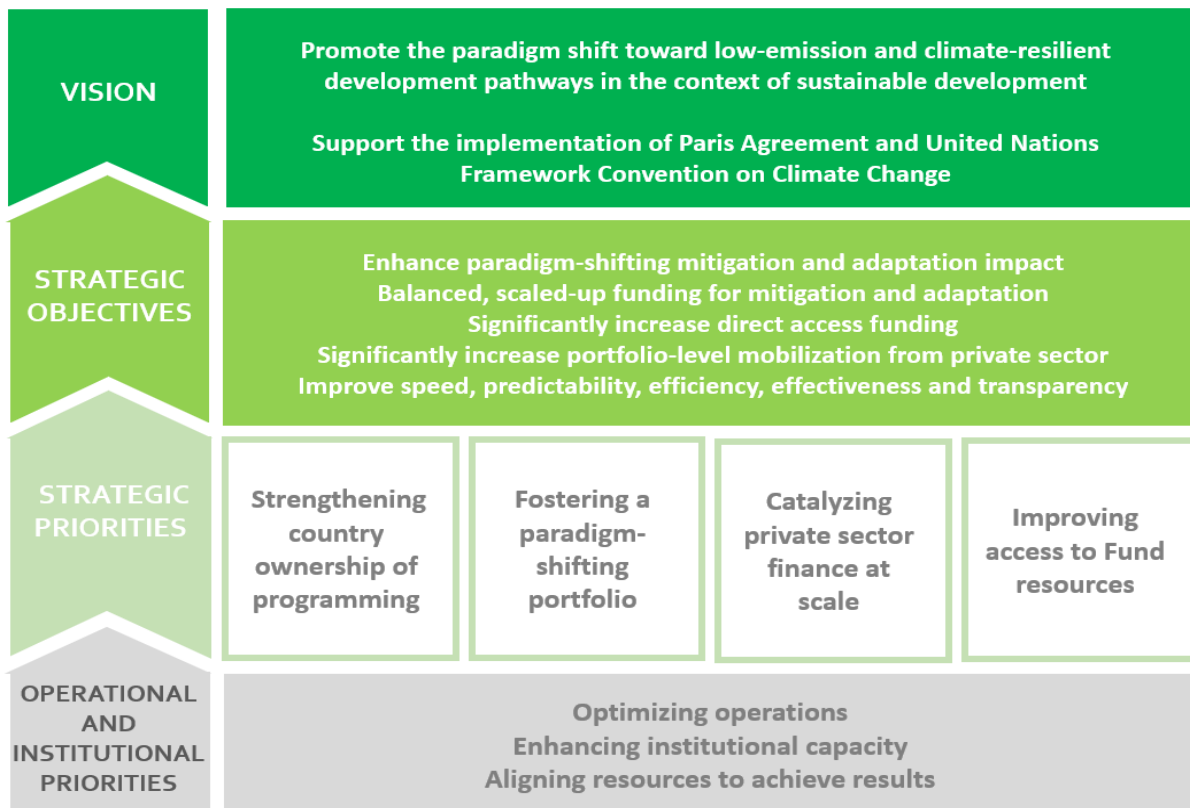
I. Introduction

1. Since the GCF adopted its initial Strategic Plan in 2016, the operating context of the GCF has evolved significantly. The latest science has highlighted the urgency of climate action, the Paris Agreement has entered into effect and the GCF itself has moved to a more mature stage of operations and partnerships, with a substantial pipeline and successful first replenishment. In line with the Governing Instrument for the GCF, the Board will steer GCF operations, so they evolve with the increasing scale and maturity of the GCF and support its role as the main global fund for climate finance.

2. The updated Strategic Plan builds on the implementation of the initial Strategic Plan. It begins with the long-term Strategic Vision (section II) originally outlined by the Board in the initial Strategic Plan. This sets out the overall mission of the GCF, in line with the provisions outlined in its Governing Instrument. The Strategic Objectives (section III) are in the continuity of the initial Strategic Plan and articulate the specific goals the GCF strives towards as it seeks to deliver against its vision over the 2020-2023 programming period and replenishment cycle (GCF-1). In meeting these objectives, the GCF has identified several Strategic Priorities (section IV) which reflect the particular areas of attention that GCF will focus on in order to underpin the Strategic Objectives. Alongside this, the GCF aims to continue developing its Operational and Institutional Priorities (section V) and refining its operating modalities in order to deliver increased impact and better respond to developing countries' needs.

3. Figure 1 shows the overall structure of the updated Strategic Plan.

Figure 1: Overall structure of the updated Strategic Plan



4. An updated integrated results management framework and a tracking tool will be developed and approved by the Board and will be used to report progress on the 2020-2023 Strategic Plan on an annual basis

II. Strategic vision of the GCF

5. The Board's long-term strategic vision for the GCF, as set out in the initial Strategic Plan, is to:

- (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and
- (b) Support developing countries in the implementation of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC, or Convention) within the evolving climate finance landscape.

2.1 (a) Promoting the paradigm-shift towards low-emission and climate-resilient development pathways in the context of sustainable development

6. In implementing its strategic vision, the GCF has not sought to define paradigm shift as an outcome, recognizing its complexity, long-term and contextual nature. However, the initial investment framework¹ defines paradigm shift in the GCF context as the degree to which a funded activity can catalyse impact beyond a one-off project or programme investment through: (i) potential for scaling-up, replication and innovation; (ii) contribution to regulatory frameworks and policies; (iii) contribution to the creation of an enabling environment, including sustainability of outcomes beyond completion of the intervention and market transformation; (iv) potential for knowledge and learning; and (v) overall contribution to global low greenhouse gas emissions and climate-resilient development pathways. The updated Strategic Plan builds on this definition, the components outlined in the initial Strategic Plan and the subsequent deliberations by the Board, to guide and enable GCF programming to promote paradigm shift across both high-impact areas of mitigation potential and countries' adaptation and resilience needs, including by supporting a wider alignment of financial flows with countries' climate plans and strategies.

2.2 (b) Supporting developing countries in the implementation of the Paris Agreement and United Nations Framework Convention on Climate Change within the evolving climate finance landscape

7. The GCF is an operating entity of the financial mechanism of the UNFCCC and will be guided by its principles and provisions. Thus, GCF programming is guided by the GCF Governing Instrument, the objectives of the UNFCCC and of the Paris Agreement. These include, inter alia, (i) channelling new, additional, adequate and predictable financial resources to developing countries and catalysing climate finance, both public and private, and at the international and national levels; and (ii) strengthening the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by: a) holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; b) Increasing the

¹ Decision B.07/06 and Decision B.09/05

ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and c) making finance flows consistent with a pathway towards low emissions and climate-resilient development is another key goal.

8. To support the implementation of the Convention, Paris Agreement and above goals, developing countries require urgent, scaled up and accessible assistance to deliver their climate ambitions. To help deliver this, the GCF intends that future programming will be aligned with the priorities identified by developing countries in their nationally determined contributions (NDCs), adaptation communications (ACs), national adaptation plans (NAPs), Technology Needs Assessments (TNAs), Technology Plans (TPs) and other national climate strategies and plans, as updated periodically to build ambition toward delivering the Paris Agreement, and further implementation of the Convention. In the context of agreement on significant share of new multilateral funding for adaptation to flow through the GCF, it recognizes that it has a critical and distinctive contribution to make in scaling up financing for adaptation, and resilience, with a focus on those particularly vulnerable to climate change.

9. To support achievement of the global adaptation goal, the GCF will strengthen support to developing countries to develop national adaptation planning and use climate information to better understand long-term climate risks and adaptation needs. The GCF will also continue providing and facilitating efficient access to resources for activities relevant to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change in developing countries, to the extent consistent with the existing investment, results frameworks and funding windows and structures of the GCF, and collaborate with the UNFCCC and others to help conceptualize relevant investments.

10. GCF recognizes the imperative for greater urgency, more ambitious impact and scaled-up climate finance to realize these ambitions and seeks to build its programming over successive replenishment and Paris Agreement cycles, commensurate with developing countries evolving ambitions and needs. Given the scale of investment needed to implement developing countries NDCs and the Paris Agreement, the GCF will strive to use its resources, wherever possible, to catalyse both public and private sources of finance at the international and national levels towards mitigation and adaptation.

11. The GCF is uniquely positioned to play this role in the evolving climate finance landscape through its comparative advantages of being country-driven; operating through a collaborative and partnership-based business model; enabling countries and accredited entities (AEs) to choose from a flexible range of financing instruments offered by the GCF; being willing to take risks to unlock climate action and de-risk more conservative sources of finance; and balancing and optimizing synergies between mitigation and adaptation. These capabilities position GCF to serve as an accelerator and amplifier for climate action.

12. Through its operational framework on complementarity and coherence, the GCF will seek to drive cooperation between financing mechanisms to help countries navigate the climate finance landscape. Key pillars of this effort will include (i) complementing actors supporting the NDC update process (such as NDC Partnership) through translating national priorities into investment programmes; (ii) working to scale up successes and advance programming synergies with other climate funds (such as the Global Environment Facility and Adaptation Fund); (iii) utilizing opportunities for blending, parallel and sequenced finance to improve predictability of finance and impact; (iv) defining through guidance how GCF programming in specific sectors and geographies will complement other climate finance in a country-driven manner (including the Climate Investment Funds, private investors and NAMA Facility); and (v) advancing knowledge collaboration to synthesize and broaden knowledge dissemination.²

² Decision B.17/04

III. Strategic objectives for 2020-2023

13. In implementing its long-term strategic vision over the 2020-2023 programming period, GCF will seek to meet or exceed its IRM outcomes and, building on its comparative advantages and risk appetite, strive toward the overall strategic objectives of delivering:

- (a) Greater mitigation and adaptation impact for developing countries compared with the initial resource mobilization (IRM) period while strengthening country ownership and capacity to identify, design and implement projects and programmes:
 - (i) Deliver portfolio-level mitigation and adaptation results that exceed portfolio IRM results;³ and
 - (ii) support developing 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;
- (b) Balanced funding across mitigation and adaptation over time, as well as using minimum allocation floors as appropriate in allocating resources for adaptation, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States in line with the Governing Instrument, decisions of the Board⁴ and the Fund's IRM outcomes. The Board will aim for appropriate geographical balance:⁵
- (c) Scaled up funding for ambitious projects informed by countries' adaptation needs and mitigation potential, in line with their climate plans and strategies, recognising the urgency to achieve the goals of the Paris Agreement;
- (d) Significantly increased funding channelled through direct access entities (DAEs) relative to the IRM;⁶
- (e) Significantly increased portfolio level mobilization achieved through the GCF contributions to private sector projects under the PSF, relative to the IRM;⁷
- (f) Balanced GCF risk appetite across all results areas; and
- (g) Improved speed, predictability, simplified access, efficiency, effectiveness and transparency.

14. The GCF will approach the goals, as identified for each strategic objective, as setting a benchmark for performance on a learning basis. The GCF will review progress towards the goals annually with a view to updating them as needed.

³ Portfolio IRM results: 460 million tonnes of carbon dioxide-equivalent reduced/avoided for each USD 1 billion invested in mitigation; and 166 million beneficiaries with increased resilience for each USD 1 billion invested in adaptation. Note that all cited IRM figures are based on the IRM portfolio as at 31 December 2019.

⁴ Including B.05/05 and B.06/06

⁵ IRM outcomes: (i) 54 per cent adaptation funding and 46 per cent mitigation funding in grant equivalents (GE); (ii) 69% (GE) of the adaptation allocation for countries particularly vulnerable, including SIDS, LDCs and African States; (iii) Funding allocated to projects in 105 developing countries: Africa, 35 per cent; Asia-Pacific, 40 per cent; Latin America and the Caribbean, 21 per cent; Eastern Europe, 4 per cent in GE; (iv) 19% (GE) allocated through the Private Sector Facility.

⁶ IRM baseline: 14 per cent of funding in nominal terms; 27 of 124 approved projects (21%)

⁷ IRM private sector co-financing was 1:3. Information on mobilized private finance will be compiled by the Secretariat when data becomes available through AE reporting. Portfolio-level mobilization of private finance for GCF-1 will initially be assessed in relation to the IRM private sector co-financing.

IV. Strategic priorities for 2020-2023

4.1 Strengthening country ownership of programming

15. Developing countries are the primary partners of the GCF. The GCF 2020-2023 programming depends at its core on fully implementing and strengthening country ownership. It aims to do this by articulating a clear approach for countries to access the Fund, by empowering developing countries to identify, design and implement projects and programmes that support paradigm shift in the areas that will have the greatest climate impact, delivering results to build ambition toward long-term climate goals.

16. To this end, 2020-2023 GCF strategic programming will be oriented toward:

- (a) Strengthening developing countries' capacity to undertake transformational planning and programming, aligned with their NDCs, ACs, NAPs and other national climate strategies and incorporating broad based and inclusive stakeholder engagement;
- (b) Ensuring GCF programming capacity and pipeline development⁸ is guided by a country-driven prioritization of the most impactful investments for countries in their respective national and regional contexts, informed by areas of high mitigation potential and adaptation needs, especially for the most vulnerable people and communities, and long-term planning aligned with the Paris Agreement; and
- (c) Supporting national and regional DAEs to play a more prominent role in GCF programming and channel significantly more GCF funding.

17. For 2020–2023, key actions in this area of the GCF business model will include streamlining project development and programming processes:

- (a) **Re-focusing GCF country programming:** informed by GCF programming capacity and resources, national designated authorities (NDAs) and national implementing entities (NIEs) will be supported to prepare country programmes that will serve as a key tool to translate NDCs, ACs, NAPs and national climate strategies into country-driven investment programmes, identify the top priority projects ideas for each country or region, preferred AEs and how to structure and mobilize potential sources of finance. Country programmes will be used to inform programming at scale through identifying opportunities for multi-staged or regional programmatic approaches. They will also be actively used by the Secretariat to inform development of the GCF pipeline and guide project review, as well as inform the accreditation process;
- (b) **Improving predictability and accessibility of support through the Readiness and Preparatory Support Programme (Readiness Programme) and Project Preparation Facility (PPF):** the Readiness Programme and PPF will be deployed in a more streamlined way to help build lasting institutional capacity for transformational programming and convert promising project concepts into bankable investments. The GCF will allocate adequate and predictable resources for the Readiness Programme and PPF over 2020-2023⁹ to aid multi-year country planning, facilitate integrated readiness and PPF funding cycles and reduce transaction costs. The GCF will also seek to further

⁸ The total anticipated programming capacity of GCF for 2020-2023 is projected to be in the range of 200-260 new projects in total, or around 50-65 projects per year, depending on average project size and the depth of measures to improve operational efficiency. With measures to further simplify the simplified approval process (SAP), this could reach the higher end of the range and include 20-25 SAP projects per year.

⁹ The Secretariat has projected the resourcing requirement for both programmes to be in the range of USD 480 million in further funding for 2020-2023, taking account of approved funding carried over from the IRM.

simplify access by encouraging multi-year readiness proposals, providing clearer guidance and targeted support for application development, and accelerating approval and disbursement processes including through updating standard operating procedures and legal agreements. In line with the second phase of the Readiness Programme this work will continue to support, at the request of countries, capacity-building for NDAs and DAEs; inclusive stakeholder engagement; development of policies, regulations and enabling environments; science-informed, long-term strategies/planning; and NAP development and translation to investment pipelines; and

- (c) **Building the programming and implementation capabilities of national and regional DAEs:** the GCF will scale-up pre- and post-accreditation support for DAE institutional development, converting country priorities to concepts, project formulation/structuring and implementation. This includes support for the upgrade of DAE programming capabilities. Actions will include rolling out dedicated training programs for DAEs and onboarding for new DAEs; making available technical expert support throughout the project cycle; actively promoting collaboration between international AEs and DAEs to build programming and implementation capacity; supporting peer to peer learning between DAEs; and promoting locally led climate action and devolved financing approaches through DAEs.

4.2 Fostering a paradigm shifting portfolio

18. The ambition of GCF in developing its portfolio is to better respond to developing country needs, support them in realizing and raising ambition under the UNFCCC and Paris Agreement, and deliver greater paradigm-shifting mitigation and adaptation impact for the countries it serves. GCF 2020-2023 programming aims to respond to requests for improved predictability and a more proactive GCF role in supporting project design and guiding programming by clarifying how pipeline and portfolio development will be informed by the GCF strategic vision and objectives, as well as guidance from the UNFCCC and Paris Agreement.

19. Building on the project and programme ideas and priorities identified by developing countries (as described in section 4.1), 2020-2023 GCF strategic programming will seek to:

- (a) Help developing countries and implementing partners design projects and programmes that support paradigm shift across eight mitigation and adaptation results areas, with a view to significantly improve the quality of projects at entry;
- (b) Promote projects and programmes with potential for innovation, replication, scale and financial sustainability (reflecting the components of paradigm shift), as well as projects which deliver integrated mitigation, adaptation and development benefits;
- (c) Show 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; and
- (d) Reduce transaction costs and processing times, along with raising impact, by focusing stakeholders' efforts on the most promising project and programme ideas – whether small or large – aligned with the GCF investment criteria.

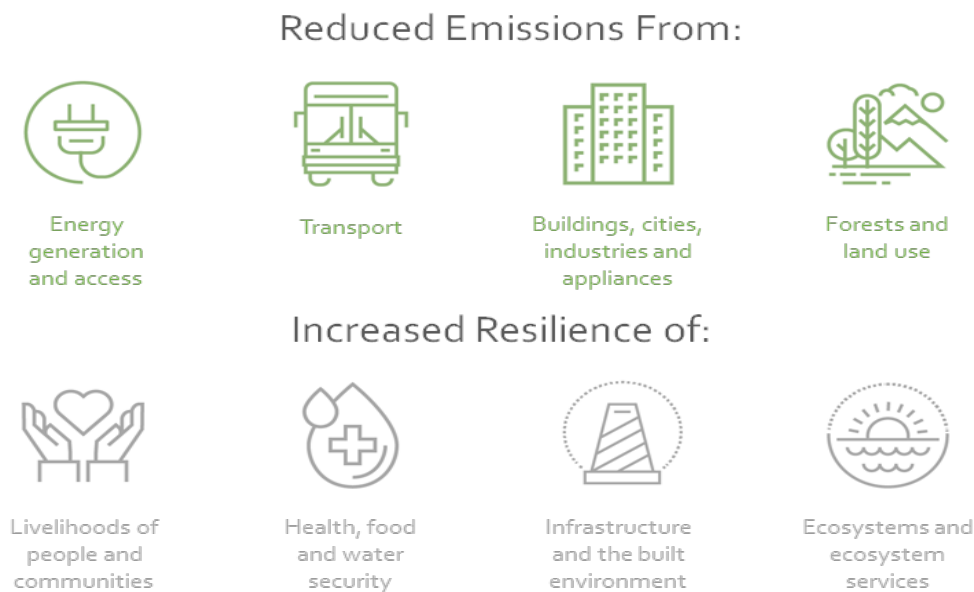
20. For 2020–2023, key actions in this area of the GCF business model will include:

- (a) **Issuing sectoral guidance for the GCF eight results areas:** in cooperation with its partners, the GCF will use lessons from programming and implementation to improve



capability and project outcomes. The GCF will complete sectoral guidance¹⁰ and present them to the Board for its consideration and approval, to outline potential for high-impact interventions across each of its eight results areas (see figure 2). This will be illustrative and non-exhaustive, intended to guide stakeholders in designing projects and programmes with high potential for paradigm shift and advancing sectoral transformation, based on best available climate information and additionality of GCF finance. The guidance will also detail how GCF can complement other sources of climate finance and catalyse private investment. The sectoral guidance is being supported by expert communities of practice and will be refined through further consultations with countries and entities;

Figure 2: Eight GCF results areas



- (b) **Supporting project design and structuring:** based on experience and feedback from the IRM, the GCF will play a more proactive role in supporting the upstream project and programme design process to move promising project ideas identified by countries to concrete concepts and approved funding proposals. This will be done through facilitating strategic dialogue with countries and AEs, providing Readiness Programme/PPF grants or technical assistance, feedback through the internal project review process, assisting with structuring innovative investments, forging novel investment partnerships and drawing on global expertise;
- (c) **Strengthening the GCF investment framework:** the GCF will seek to urgently close remaining investment policy gaps in line with the 2020-2023 Board workplan through ongoing consideration of how to strengthen the eligibility criteria of the GCF, as part of the ongoing process to simplify and clarify project and programme eligibility and selection criteria and update the policies and procedures of the GCF, including:
- (i) A mapping document that identifies all elements related to project and programme eligibility and selection criteria included in previous decisions, conditions imposed by the Board on funding proposals, and the Governing Instrument for the GCF¹¹;

¹⁰ Decision B.17/08 and approved Work Programme of the Secretariat for 2018 and 2019.

¹¹ Decision B.17/10 paragraph (b)

- (ii) Policies on the review of the financial terms and conditions of GCF instruments and concessionality, incremental costs and full costs¹²;
- (iii) Policy guidelines for programmatic approach¹³;
- (iv) Guidance on the approach and scope for providing support to adaptation activities¹⁴;
- (v) Steps to enhance the climate rationale of GCF-supported activities¹⁵.

Building on work to date, the Fund will also work on more clearly linking the investment framework and criteria and performance criteria under a revised and integrated results management framework with a view to ensure more coherent programming and performance management approaches. It will also continue to evolve more transparent, and consistent approaches to applying the GCF investment criteria by the Board;

- (d) **Collaborating on innovation and technology:** the GCF will strengthen collaboration with the Technology Mechanism of the UNFCCC, including the Climate Technology Centre and Network and other stakeholders, to promote technology development and transfer, innovation, incubation and acceleration. This includes identifying where GCF support can unblock bottlenecks in value-chains for technology innovation, diffusion and transfer at different stages of the technology cycle, including via deploying readiness to support national innovation systems and supporting local technology production;
- (e) **Building on the comparative advantage of the GCF of being country driven and deploying the full range of financial instruments at its disposal,** GCF will support countries working with accredited entities to choose from a flexible range of financing instruments offered by the GCF to accelerate climate action and enable greater access and impact. This will include exploring opportunities to diversify the application of non-grant instruments without compromising GCF grant financing, particularly for adaptation. The GCF will also explore new applications for results-based payments, insurance and investment in local currency instruments; and
- (f) **Reviewing deployment of requests for proposal (RFPs):** the GCF will undertake an overall review of RFPs and determine funding allocations for RFPs by the end of 2021. This will include learning from challenges and the successful deployment of RFPs during the IRM period, as well as considering new prospective concepts for RFPs with a focus on fostering innovation and scale, particularly for adaptation and technology incubation.

4.3 Catalysing private sector finance at scale

21. Contributing to making financial flows managed by the private sector consistent with a pathway towards low greenhouse gas emissions and climate resilient development is key to realizing the scale of resources – in the trillions – needed to implement developing countries’ NDCs, ACs, NAPs, TNAs, TPs, and other climate strategies. The GCF’s 2020-2023 programming will aim to more systematically and fully realize the potential of the GCF to mobilize resources at scale, and support activities to increase the impact of investments, while encouraging a wider alignment of financial flows with countries’ climate plans and strategies.

22. Complementing the overall programming approach in sections 4.1 and 4.2, for 2020-2023 the GCF private sector strategy will be developed, focusing on, inter alia:

¹² Decision B.17/10 paragraph (c)(iv), paragraph (c)(i) and B.19/06 paragraph (d)(ii)

¹³ Decision B.14/07 paragraph (k)

¹⁴ Decision B.17/10 paragraph (c)(ii)

¹⁵ Decision B.19/06 paragraph (d)(i)

- (a) Strengthening capacity among NDAs, AEs and local private sector partners to support private investments in climate activities, including supporting climate-oriented local financial systems, green banks, markets and institutions;
 - (b) Enabling climate transformation in key sectors and regions in accordance with national objectives;
 - (c) De-risking and addressing barriers, including currency fluctuation, to mobilize private sector resources at scale for climate investments in developing countries, including a greater role in supporting climate change adaptation; and
 - (d) Consistency with guidelines for enhanced country ownership and country driven-ness, as well as ensuring a strong focus on local private sector actors, including through operational linkages between international and local actors.
23. For 2020–2023, key actions in this area of the GCF business model will include:
- (a) **Identifying and increasing private sector engagement potential across results areas:** GCF sectoral guidance will more specifically identify where there is potential for an increased private sector role and barriers to private sector participation;
 - (b) **Strengthening engagement capacity, investment environments and climate-oriented financial systems:** the GCF will deploy readiness activities and promote knowledge exchange to support country-led efforts to: increase engagement with private sector actors, especially local private sector, in supporting planning, programming and investment design; formulate supportive policy/regulatory settings; and support development of the climate investment capabilities of national financial institutions; and consider ways to further align financial flows with countries' low greenhouse gas emissions and climate resilient development, building on the expectations included in the GCF's accreditation process, and exploring partnerships with long-term institutional investors;
 - (c) **Structuring to mobilize private sector resources at scale:** GCF will undertake an assessment of the current portfolio in 2021 to evaluate the capacity of the existing structure, and how it is delivering through current financial instruments. This exercise will support the identification of strategic investment partners and build understanding of how partners can work through the flexible instruments and structuring of GCF to create de-risking vehicles and use blended finance to catalyse new private investment. It will also work on structuring options to attract larger institutional sources of capital through aggregation and securitization, and improve affordability of technologies;
 - (d) **Supporting private sector engagement in all developing countries, including LDCs and SIDS:** the GCF will also consider recommendations made by the Private Sector Advisory Group (PSAG) to help build markets for climate action in LDCs and SIDS, focusing on market activation, enabling environments and facilitation of the aggregation of demand for mitigation and adaptation services;
 - (e) **Enhancing the role of the private sector in adaptation:** the GCF will consider PSAG recommendations on engaging the private sector in adaptation action, by supporting adequate enabling environments, deploying blended finance to test innovative business models for climate-resilient products and services and promoting use of climate data to inform private-sector decision-making. PSAG will be engaged to support this work;
 - (f) **Executing a private sector outreach plan:** the Secretariat will develop a private sector outreach plan to implement the private sector strategy, including targeted engagement with domestic private sector, communications and the GCF Private Investment for Climate Conference; and

- (g) **Staged development of the PSF modalities:** successful execution of the private sector strategy will require a staged development of modalities, starting with an accreditation strategy and readiness for private sector engagement. In 2021, the GCF will undertake the Board workplan review of PSF modalities and further evaluate options for additional PSF modalities.

4.4 Improving access to fund resources

24. GCF is fundamentally a partnerships institution, working for, through and with partners to deliver climate results. In this model, AEs¹⁶ are key to developing countries' access to GCF resources and delivery of impact. Successful 2020-2023 programming depends on countries and current and prospective AEs having clear expectations on the GCF approach to accreditation and re-accreditation, to calibrate the substantial investment made by all in this access modality and meaningfully reduce time required to access GCF resources.

25. To complement the GCF programming approach described in sections 4.1, 4.2 and 4.3, for 2020-2023 GCF will:

- (a) Continue to build its AE network by focusing on the value-addition of AEs to delivering developing countries' programming priorities and advancing GCF strategic objectives, including keeping a strategic focus on strengthening the role of DAEs in programming, as described in section 4.1; and
- (b) Seek to streamline and speed up access to GCF resources and reduce the lengthy timelines involved in the current accreditation process.

26. For 2020–2023, key actions in this area its business model will include:

- (a) **Adopting a more strategic approach to accreditation:** the GCF will undertake, as soon as possible, an analysis of the current AE portfolio to identify strengths and gaps in coverage and capabilities, informed by country programming needs, and present a revised accreditation framework with the aim to:
- (i) Focus on selection of AEs that are best suited to support the objectives of the GCF and match the programming and project delivery capabilities needed to implement countries' programming priorities, and build capacity for improving wider investments in line with countries' climate plans and strategies and national circumstances, in alignment with GCF strategic objectives and policies, ensuring all countries have coverage and choice of AEs to support them;
- (ii) Seek to increase the share of DAEs above the IRM level¹⁷, including by prioritizing accreditation of and capacity support for DAEs of countries which do not yet have a national or regional AE accredited;
- (iii) Strive for sufficient coverage across regions, access modalities, accreditation sizes, risk categories and financial instruments, prioritizing identified gaps in the AE network in relation to geographical, sectoral and thematic coverage and financial instrument usage, in alignment with developing countries identified programming priorities and the GCF programming strategy;
- (iv) Accredite institutions which are ready to meet GCF standards and to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable

¹⁶ As at the end of the IRM, 95 AEs went through the accreditation process, an average of around 15 new AEs annually – of which 41 per cent had projects approved and 29 per cent had not engaged in any GCF programming.

¹⁷ IRM level: 59 per cent.

development and efforts to eradicate poverty, or can work through required conditions needed to finalize their accreditation; and

- (v) Inform re-accreditation decisions with an examination of AEs performance in contributing to GCF programming results, considering IAEs contribution to building capacities of DAEs, and an assessment of the extent to which AEs overall portfolio of activities beyond those funded by the GCF has evolved towards low-emission and climate-resilient development pathways¹⁸.
- (b) **Streamlining the accreditation process and developing alternative accreditation modalities, including a project-specific assessment approach (PSAA)**, through completing Board consideration of the update of the GCF accreditation framework as part of the 2020-2023 Board workplan; and
- (c) **Fostering climate mainstreaming across the GCF partnership network:** through active collaboration with AEs or entities seeking accreditation to mainstream climate considerations more broadly across their operations and portfolios to drive institutional transformation. This will build on the requirement for AEs to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty, including through their overall climate portfolio of activities as they work with GCF.

V. Operational and institutional priorities

27. Successful delivery of the GCF strategic vision, objectives and priorities for 2020-2023 is critically dependent on GCF taking steps to evolve its operating modalities and institutional capacity to successfully execute its programming strategy. Over the IRM period, the GCF built a unique operating model that has been shown to add value in the climate finance landscape. But the clear feedback is that the GCF must be able to respond with improved predictability, transparency, speed, efficiency and effectiveness to match the urgency of the climate challenge.

28. This section of the Strategic Plan sets out in brief key operational and institutional priorities for 2020-2023, as well as the institutional resourcing implications of implementing the 2020-2023 Strategic Plan. For 2020-2023, GCF will be guided by overall operational objectives to:

- (a) Programme 40 per cent of available resources by end 2021 and 95 per cent by end 2023;
- (b) Ensure resources are being deployed on the ground by having 90 per cent of the total GCF portfolio under implementation by end 2023;
- (c) Initiate the second GCF replenishment 30 months after the commencement of the first replenishment period;¹⁹
- (d) Be fit to rapidly respond through swifter and simpler processes and more consistent and accessible funding processes;
- (e) Provide real-time information on portfolio, proposal and disbursement status through a transparent online platform;

¹⁸ Decision B.11/10

¹⁹ In line with the updated Policy for Contributions approved under decision B.24/02.

- (f) Enhance stakeholder collaboration and engagement with impacted people and communities, in the context of the agreed roles of the NDA, country programming guidelines, recognizing the sovereign role of countries;²⁰ and
- (g) Attract, nurture and retain talent in GCF to support its strategy and operations and work in co-creation with countries and AEs to drive a paradigm shift.

5.1 Optimizing operations

5.1.1 Improving GCF processes

29. To efficiently and effectively execute 2020-2023 programming, the GCF will simplify and streamline its programming, review, approval and implementation processes through the following actions:

- (a) **Review GCF policies and frameworks**, as part of the 2020-2023 Board workplan, to better understand policy impacts, including resulting challenges or delays in implementation, gaps, and opportunities to simplify, streamline and harmonize policies. This will be key to realizing efficiency and effectiveness gains over the medium term;
- (b) **Continue to streamline programming and approval processes** to enable timely disbursement, and will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities, including by enhancing and **updating the simplified approval process (SAP)** as part of the 2020-2023 Board workplan;
- (c) **Identify operational bottlenecks** and examine the most effective ways to address these to speed up access, including through improved productivity, effective resourcing and/or further streamlining programming, approval and Secretariat implementation processes, modalities and timelines;
- (d) **Review ways towards improving functioning** of the independent units and panels and the interface between AEs and the Secretariat, and between the Secretariat, independent units, the independent TAP and the Accreditation Panel;
- (e) **The Board will consider, as part of its review of the Board's committees panels and groups**, as appropriate, the way they comply with their obligation to assist the Board in its decision-making and exercise any delegations of its authority, in a manner consistent with the Rules of Procedure, the Governing Instrument; and taking into account the relevant decisions of the Board;
- (f) **Establish a public online tracking platform and service standards** as soon as possible, to show real-time portfolio, pipeline and disbursement status and set expected turnaround times;
- (g) **Codify internal review processes** through the Secretariat's development of operations, programming and policy manuals as soon as possible, also improving consistency of application through development of review tools and more intensive staff training; and
- (h) **Translate key operational documents** into six United Nations languages to ease language barriers to efficient engagement with the GCF²¹.

5.1.2 Strengthening implementation, results and knowledge management

²⁰ Decision B.08/10.

²¹ Observing paragraphs 33 and 34 of the rules of procedure of the Board with respect to the conduct of business of the Board and its committees, subcommittees, panels and working groups

30. With a rapidly growing portfolio, a top priority for GCF over 2020-2023 is to accelerate implementation, delivery of support and results on the ground through the following actions:
- (a) **Accelerate processes from approval to implementation and disbursement**, through measures including ensuring AEs have signed and effective accreditation master agreements to undertake programming; stabilizing GCF policies; examining policy barriers to implementation; increasing use of standard legal agreements; and earlier negotiation and execution of funded activity agreements where feasible;
 - (b) **Implement an adaptive portfolio management approach**, by deploying digitized monitoring systems to provide early warning of needed course-corrections; and providing Secretariat implementation support to AEs, particularly DAEs, where needed;
 - (c) **Update the GCF results management framework** as part of the 2020-2023 Board workplan, to ensure GCF can measure how its funded activities contribute to project, result area, portfolio and paradigm shift outcomes, in order to move from measurement of expected to actual results as the portfolio matures;
 - (d) **Link systems for monitoring, reporting, evaluation and knowledge management**, through ensuring adequate budgeting for monitoring and evaluation, full and regular results reporting and performance evaluations and knowledge capture; and
 - (e) **Build the GCF knowledge management capabilities to enable improved programming and implementation**, by capturing evidence-based results and lessons from implementation; and integrating global knowledge into GCF operations.

5.1.3 Stakeholder collaboration and engagement with impacted people and communities

31. Keeping at the forefront the GCF commitment to stakeholder engagement,²² taking account of impacts on peoples and communities most affected by climate change and recognizing their contribution to climate solutions, GCF will implement the following actions:
- (a) **Continue to advance best practice policies and standards on environment and social safeguards, indigenous peoples, gender and integrity** in ways that not only include safeguarding measures of “do no harm” but also improve environmental, social and gender outcomes, and generate critical co-benefits. GCF will work in collaboration with NDAs and AEs to build capacity, where needed, for implementation and monitoring;
 - (b) **Promote gender mainstreaming** across its internal and external activities and programming, including working toward ensuring project proposals have gender assessment and action plans, as well as strengthening gender-mainstreaming and social inclusion capabilities among staff, partners and stakeholders;
 - (c) **Enhance engagement with indigenous peoples** in line with the Indigenous Peoples Policy, including through establishing an Indigenous Peoples Advisory Group;
 - (d) **Support broad-based and inclusive stakeholder participation in GCF activities**, including local communities and authorities, civil society, private sector, indigenous peoples and others, to ensure needs and concerns are put into local context;
 - (e) **Review the implementation of the Information Disclosure Policy** per the 2020-2023 Board workplan, in light of the experience in the IRM and the latest information access standards of peer institutions, to maintain best practice for access to GCF information; and

²² Consistent with Decision B.08/10, best practice options for country coordination and multi-stakeholder engagement.

- (f) **Strengthen outreach and communications**, including through Secretariat development of a partnerships strategy to guide GCF partnering outside of formal funding arrangements; a traditional and social media strategy to strengthen the GCF brand, and enhanced communication and reporting of results and performance for accountability.

5.2 Enhancing institutional capacity

32. Underpinning successful delivery of the 2020-2023 Strategic Plan are the institutional limbs of the GCF: Board, Secretariat, independent units and GCF committees, panels and groups. Over 2020-2023 GCF will take the following actions to consolidate its institutional capacities:

- (a) **Implement the Board's four-year workplan for 2020-2023.** This establishes a policy development, implementation, learning and review cycle which stages consideration of outstanding policy items and reviews in a sequence informed by time-sensitivity to programming and strategic priorities. The Co-Chairs have been requested to update the Board workplan upon adoption of the Strategic Plan for 2020-2023;
- (b) **Ensure predictable management of commitment authority**, by the Board setting at the last meeting of each year annual programming and disbursement targets for the following year, and Secretariat business planning in line with the above operational objectives;
- (c) **Clarify internal roles and responsibilities** and resolving inefficient duplications/overlaps, by refining the GCF internal control framework by mid-2021;
- (d) **Review the capabilities of the GCF**, in particular the Secretariat and independent Technical Advisory Panel, to deliver increased programming (regular and SAP projects) and implementation over 2020-2023 in line with the updated Strategic Plan;
- (e) **Strive to increase coverage of privileges and immunities** as foreseen in the Governing Instrument through all available channels, as a key step toward speeding up delivery of GCF resources, enhancing security for staff and the efficient and effective operations of the GCF;
- (f) **Pursue a human resources strategy to attract, nurture and retain talent**, fostering highly skilled professional groups with the capacity to execute the GCF mission and vision, and aligning staff deployment with evolving organizational needs;
- (g) **Advance as a digital organization** by seeking to improve key work processes through automation, and toward 2023 developing a strategy for constructing a virtual workspace for outposted staff and consultants;
- (h) **Assess needs and options for establishing a GCF regional presence** to be closer to the countries GCF serves and monitor portfolio implementation. The Secretariat will undertake a cost-benefit assessment of potential options, looking at specific operational bottlenecks, capacity gaps and experience with pilots to date, for the Board's consideration prior to the second performance review of the GCF; and
- (i) **Undertake ongoing resource mobilization efforts**, including seeking new contributors, updating policies to enable potential contributions from private and alternative sources, and building the scale and predictability of resource mobilization over time.

5.3 Aligning resources to achieve results

33. The successful realization of this holistic programming vision and improved results potential for 2020-2023 depends on adequate resourcing, including for the Readiness Programme, the PPF and administrative budget including staff count.
34. The Strategic Plan's value proposition is based on GCF remaining a lean organization that concertedly pursues efficiency improvements while growing its programming and implementation capacity to match the ambition of its strategic vision. The Secretariat will present resourcing implications of the Strategic Plan for 2020-2023 to the Budget Committee and subsequent consideration by the Board.
35. It is intended that annual work programmes over 2020-2023 will be aligned with the 2020-2023 Strategic Plan, the 2020-2023 Board workplan, as well as the integrated results management framework, to be approved by the Board.
36. Progress on the 2020-2023 Strategic Plan will be reported by the Secretariat at the first Board meeting of each year from 2021, including potential course corrections required and tracking of results, using a tracking tool aligned with the updated results management framework, to be finalized and approved by the Board.

VI. Conclusion

37. The 2020-2023 Strategic Plan sets out an ambitious programming and operational vision for the next phase of GCF, aiming high to match the urgency of climate change and positioning GCF to make a significant and ambitious contribution towards the goals of the UNFCCC and Paris Agreement. This ambitious vision and improved results potential are based on GCF being more than a financial pass-through entity: it is based on its serving developing countries as a convenor, capacity-builder and adviser through effective partnerships.
38. With a view to enhance delivery of the GCF strategic vision towards 2050, the second performance review of the GCF will incorporate a review of how effectively GCF programming and operations have evolved from the IRM period to deliver the vision, objectives and priorities in the Strategic Plan for 2020-2023, complemented by a Secretariat-led review of the GCF policy frameworks. This will in turn inform work to further assess opportunities for GCF strategic programming in the second replenishment period (GCF-2), taking account of needs identified in country programmes and an evidence-based understanding of GCF programming potential.
39. Findings of both the second performance review and strategic programming exercise will inform the Board's consideration of a further update to the Strategic Plan in 2023, covering objectives and priorities for 2024-27, with a view to this being in place before the commencement of GCF-2.

Glossary

AC	Adaptation Communication
AE	accredited entity
DAE	direct access entity
GCF	Green Climate Fund
GCF-1	Green Climate Fund's 2020-2023 programming period and replenishment cycle
IRM	initial resource mobilization period
LDCs	least developed countries
NAP	national adaptation plan
NDA	national designated authority
NDC	nationally determined contribution
NIE	national implementing entity
PPF	Project Preparation Facility
PSAG	Private Sector Advisory Group
PSF	Private Sector Facility
RFP	request for proposal
SIDS	small island developing States
TNA	Technology Needs Assessment
UNFCCC	United Nations Framework Convention on Climate Change



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