

**I. Introduction**

The GCF requested the Secretariat to prepare a comprehensive report on the implementation of the GCF's initial Strategic Plan over the initial resource mobilization period (2015-2018) as one key document to inform the first formal replenishment of the Fund. With decision B.21/18 (I)(i), members of the Board were invited to submit inputs for an update to the Strategic Plan. At the 22nd meeting of the Board in late February 2019, during which the Board noted the information presented by the Secretariat and input received by the Board, the Board with decision B.22/06 confirmed that the Strategic Plan in its updated version will continue to guide the GCF, reflecting its mandate to be a continuously learning institution, in the further development of the Fund's operational modalities and performance, "with a view to achieving its overarching objective to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development". Decision B.22/06(e) invited Board members/alternates, NDAs, representatives from accredited entities, and members of the PSAG, as well as active observers and observer organizations to submit input on the update of the Strategic Plan to the Secretariat by 30 April 2019 with the new Strategic Plan being presented to the Board for its consideration at B.24.

This joint submission by civil society organizations active in the GCF, coordinated by the CSO Active Observers, responds to this invitation. Several of the themes addressed in this submission were also explored in more detail in a separate joint CSO submission on strategic programming, including impact scenarios, for the first replenishment.

In our view, the GCF's Strategic Plan should be a systematic iterative process. It should be a living document that is based on a shared vision of the Fund's desired long-term impacts. Its update will lead to best results and collective ownership through engagement with a broad set of stakeholders, including civil society organizations, as well as allowing for the voices of affected people and communities in developing countries to be heard, in particular those of often marginalized groups such as women or indigenous peoples. The update to the strategic plan should clarify and sharpen the long term ambition of the Fund and should be very clear in describing what needs to be achieved in the medium term to make progress towards the long term ambition of the Fund in line with its mandate under the UNFCCC and the guiding principles in the Governing Instrument, and in fulfillment of the Paris Agreement and the IPCC recommendations to stay below 1.5 degrees. Additionally, it should set out the intended medium-term outcomes of aggregate GCF allocations and investments as well as the capacity building and support functions the Fund provides; and should define a strategic framework for action that includes a four-year action plan with specific goals and indicators to be synchronized with the replenishment process (thus, corresponding to the suggested first replenishment period of 2020-2023) and the Post-Paris review process.

Given the importance of this plan and its connection with the strategic programming document for the first formal replenishment, and the latter being revised and re-released as that process continues, we urge that the strategic plan draft be released prior to B.24 to allow for another round of comments, ones that can respond directly to the proposed text and consider alignment with the ongoing strategic programming discussion. As the plan itself should be a living document, guiding the work of the GCF, its issuance should reflect the authority of an inclusive and open process.

## II. Implementing the overall Strategic Vision for the GCF

The initial Strategic Plan for the GCF sets out core elements in support of the long-term strategic vision for the Fund to promote the paradigm shift in developing countries, focusing on country-ownership, programming resources at scale, transparent and inclusive procedures and financing innovative and ambitious projects and programs. These elements are aimed at supporting the implementation of the Paris Agreement and build on the comparative advantage of the GCF in the global climate finance architecture.

Civil society comments on the initial strategic plan in 2015/2016 had focused in particular on prioritizing and fully operationalizing those features that are unique to the GCF and its value added and that have the potential to strengthen the GCF role as a global leader in providing support for high-impact, high-quality climate investments pursuing multiple benefits and taking a gender-responsive approach, designed and implemented in the context of and consistent with sustainable development. These are the features in our view best placed to support of the long-term strategic vision for the Fund, and they remain as valid in 2019 as they were in 2015/2016.

While there has been some progress over the past three years toward strengthening some of these core features, these are far from fully operationalized yet, and thus strategies and actions to speed up their full implementation during the next operational phase of the Strategic Plan must be prioritized. Those identified as core features to realize the overall strategic vision for the GCF include, *inter alia*:

- A clear commitment to break with support for business-as-usual activities by excluding funding for activities that prolong the use/reliance of fossil-fuels and other harmful technologies incompatible with the temperature goals of the Paris Agreement and the IPCC report to hold global warming to 1.5 degrees (for example through the elaboration of an exclusion list). This also requires holding the growing number of GCF accredited entities, both public and private, during accreditation and re-accreditation procedures to account for their willingness and efforts to shift their entire portfolio toward compatibility with the Paris commitments and away from fossil fuels in measurable ways. Further, this means that with its own Trust Fund resources the GCF follows an investment approach in line with the Paris commitments and the IPCC findings.
- Fully operationalizing country-ownership through iterative and long-term readiness and preparatory support, directly accessible also to non-state actors, in a way that builds the capacity and responds to the needs of multiple in-country stakeholders, including in particular at the sub-national and local levels by focusing on needs and capabilities of vulnerable communities, women, Indigenous Peoples, and the local private sector;
- Using comprehensive and inclusive stakeholder engagement procedures and NDAs functioning as country coordination mechanisms to support and build on the development of nationally determined plans and strategies, including NDCs, NAPs, NAPAs, and NAMAs, as well as other relevant planning exercises such as for the SDGs in articulating country-owned funding priorities for the GCF, for example via country programmes;

- Rapidly scaling up and simplifying direct access to become the primary access modality, with a goal of expanding Enhanced Direct Access (EDA) and the devolution of climate finance decisions to the (sub-)national level over time, especially as a way to support programmatic approaches focused on the aggregation and bundling of multiple micro- and small-scale activities to directly address the needs of communities and local actors, including Indigenous Peoples and women's groups. This could reach scale through replication in many countries through standardized approaches such as (sub-)national level small grants facilities or highly concessional small credit lines through local financial institutions.
- Setting new best-practice in environmental and social management and effective stakeholder engagement, through a human-rights based approach to promote positive impacts (not just prevent harm), in support of gender equality, social inclusion, Indigenous Peoples' rights, and the rights of local communities, including the opportunity and requirement to meaningfully participate throughout the GCF project cycle.
- Commitment to the highest levels of transparency and accountability through fully operationalizing a pro-active information disclosure policy, strengthening the communication with beneficiaries (including through multiple languages and media), and fully funding and supporting the operations of the GCF's independent accountability mechanisms, including to suggest and recommend operational/policy course corrections for the Fund.

CSOs also highlighted then an indicative list of goals and indicators for operational and policy commitments to ensure the GCF worked during the time-frame of the initial Strategic Plan (2015-2018) toward achieving its long-term vision. This was in line with our conviction at that time, which still holds true for this update to the initial strategic plan, that in order for a time-bound strategic plan for the GCF to be effectively implemented, specified targets, goals and related success indicators are necessary, not least to help guide the annual work programs of the GCF Board and Secretariat during this time.

While several of the indicators and goals set by CSOs for the period of the initial Strategic Plan (2015-2018) have been at least partly achieved, such as the development of an Indigenous Peoples policy consistent with UNDRIP and other applicable human rights instruments or the operationalization of the GCF's independent accountability mechanisms, a number of very crucial CSO indicators of success have not been met, such as fully implementing a pro-active information disclosure policy, the finalization of the Fund's Environmental and Social Management System (ESMS) with the GCF's own, human-rights based environmental and social safeguards, or the distribution of a significant share of GCF funding (beyond the 14 percent reality as of March 2019) through direct access entities and making progress with EDA.

Meeting those missed goals and indicators that we strongly believe are key to implementing the overall Strategic Vision of the GCF should be a priority for the update of the Strategic Plan (2020-2023) and the related proposed action agenda.

In our view, the overall strategic vision of the GCF should guide the update of the strategic plan. In turn the Strategic Plan should also guide the annual plan of activities of the GCF and be reflected in the annual work programs of the Board and the Secretariat. Hence, it would be good to have a clear set of targets with success indicators as part of a multi-year action plan (with indicative timelines) that complements the Strategic Plan. These success indicators should then

be reflected, and accomplishment marked, for example in ongoing updates to the Board's annual work plan throughout the year, to allow the Board, on an ongoing basis, to check on the implementation progress toward the Strategic Plan and take corrective action by prioritizing certain actions or policy decisions as needed. This should be in addition to the current practice of yearly overview reports on progress in implementing the updated Strategic Plan. Then, the GCF will have some critical check points on how it is delivering in its daily operations towards the overall achievement of its vision. For example, we anticipate that with meaningful targets and indicators for increased direct access, the strategic plan goals should be referenced against the point-in-time reality in standard progress reports and information documents produced for every Board meeting, such as the update on the GCF portfolio and pipeline.

### **III. Updating the Strategic Plan with a Focus on Core Operational Policies and an Action Plan**

#### **A. Scaling up GCF Investments, Programming and Prioritizing Pipeline Development**

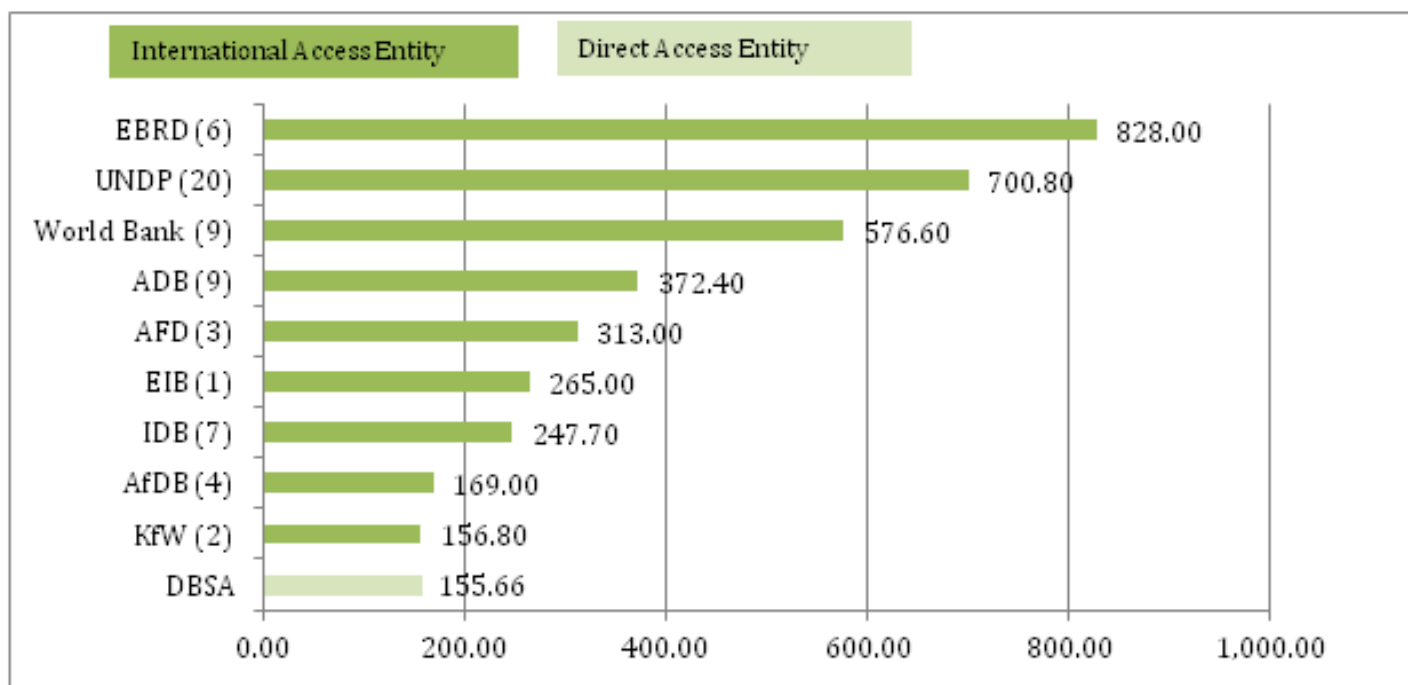
One of the few specific targets set in the initial strategic plan focused on the scale of approved funding by a certain date. However, in the view of CSOs active in the GCF, this numbers-oriented approach was never the correct focus, as it prioritized quantity of approved financing over the quality of projects and programmes approved and their likely impact. Such a funding goal could be reached with a smaller number of large-scale financial intermediation approaches, such as fund-of-fund approaches preferred by a few MIEs operating in a limited range of preferred countries, instead of involving a larger set of partners, countries and implementation approaches. While this leads to quicker disbursement of GCF funding, it would ultimately fail to serve the long-term vision of the GCF.

Indeed, rather than focusing on an aggregate amount of funds approved, the updated strategic plan should aim for the scaling up of GCF investment through a) increased access by more direct access entities; b) increased funding for countries identified by the Governing Instrument as particularly vulnerable, and for those that promise the most direct benefits to affected communities and populations; and, c) stronger support 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 manyfold, including through scaling up and further streamlining the Simplified Approval Process (SAP).

#### **Ensuring More Equitable Access by a Wider Range of Partners**

The GCF should scale up its investments through reaching out and capacitating more implementation partners than the few MDBs, which by March 2019 have received an unsustainably large share of the GCF's approved funding. Of the USD 5 billion approved for 102 projects and programs during the IRM so far, some 84 percent is programmed through MIEs, with USD 2.4 billion channeled through six MDBs alone (as indicated in Figure 1 below).

**Figure 1: Top Ten GCF Accredited Entities with the Largest Amount (in Mio USD) of GCF Approved Funding from B.15-B.22 (number of approved projects in parentheses)**



The update of the strategic plan should thus focus on allowing for more equitable and increased access to GCF resources by a wider range of GCF implementation partners, particularly for direct access entities, and thus halting the current first-come, first-served approach to spontaneous proposal submissions through deliberate prioritization, better pipeline management, and financial planning.

**Indicator of success for an updated strategic plan period (2020-2023):**

- *At least a third of funding approved during R-1 period is channeled through DAE entity (or double the current percentage during the IRM), with a subsequent strategic plan update during a second replenishment increasing to 50 percent, with an expanding share also devoted to EDA. This would be in line with best practice experience of the Adaptation Fund, which pioneered direct access and even instituted a 50 percent cap of financing channeled through its MIEs to give its DAEs an opportunity to access funding.*

**Predictable Programming**

Predictable programming could include setting regular replenishment cycles with a fixed starting date rather than relying on a trigger of a percentage of funding allocated. This should not dictate a quantitative goal for the amount of funding per meeting or year to be allocated based on the total R-1 funds contributed; instead, programmatic goals should drive the pattern and timing of allocation and would give countries the confidence that it is worth investing time and effort into the development of country programmes as an articulation of domestic funding priorities and a proposed project list for GCF support, and to do so in a way that is inclusive and responsive to the contributions and the needs of in-country stakeholders.

We stress that in order to increasingly rely on country programmes as a way to develop GCF pipeline programming in line with successively more ambitious cycles of NDCs and adaptation planning, the role and participation of civil society organizations and local communities as core stakeholders in the development of country programmes needs to be vastly improved to ensure that their needs and priorities are addressed within those articulated for the country as a whole. So far, there is scant evidence of sufficient stakeholder consultation in the country programmes submitted, let alone integration of stakeholder concerns and needs.

## **Use of Requests for Proposals**

While Requests for Proposals (RfPs) allow for targeting GCF investment areas, including by adding some qualifying criteria such as a score card or check-list, they should not replace the GCF's normal proposal submittal process, and must be carefully developed and their implementation vetted at least once a year. RfPs can be helpful in focusing on areas of financing that are underrepresented by submissions from accredited entities, by for example bringing in a new set of actors. However, RfPs should not be used as an excuse to offer broad-based project-specific accreditation and thus allow for the circumvention of the GCF's accreditation framework, including the need for GCF implementation partners to demonstrate their capacity to implement environmental and social safeguards (ESS), the GCF's gender and Indigenous Peoples' policies, and deploy GCF funding in line with fiduciary standards. This would countervene efforts to maximize GCF funding for impacts.

For this reason any efforts to reform the accreditation framework as part of the update of the strategic plan needs to restrict project-specific accreditation efforts to a pilot approach focused on micro- and small-scale, low-risk (category C) activities. Starting out with a focus on the lowest risk, smallest activities, overwhelmingly submitted by national DAEs would also give the Secretariat the time and experience to increase its due diligence capacity. It should be predominantly directed at further scaling up the implementation of the existing RfPs on Enhanced Direct Access (EDA) and on Micro-, Small- and Medium-Sized Enterprises (MSMEs). This would also be consistent with efforts, long advocated by CSOs active in the GCF as a way to maximize GCF impacts and to increase access to GCF finance for the domestic actors at the bottom of the pyramid in both the public and private sectors.

## **B. Maximizing GCF Impacts**

### **Fully Operationalizing a Multiple Benefit Approach**

The initial Strategic Plan includes a specific operational focus on maximizing impact but does not detail specific action plan goals to the measurement of GCF impact. In the view of CSOs, GCF impacts are maximized through a programming approach that is people-centred and human-rights based and focused on driving longer-term shifts rather than the pursuit of immediate outcomes. In a clear commitment to break with business-as-usual approaches to financial support, these need to be better reflected in the GCF's results management and performance measurement frameworks, for example, where a current focus on quantitative metrics that measure effectiveness and efficiency for individual projects and aggregated at the portfolio level should be supplemented with qualitative indicators focused on understanding the GCF's portfolio impact over time on sustainable development, multiple benefits, and serving the most vulnerable populations as well as supporting country-driven behavioral and policy changes.

A multiple benefit approach to measuring GCF project impacts is smarter investment, as it embeds climate action in a broader pursuit of other environmental, social, economic, and gender equality outcomes. This acknowledges that while GCF investments must be grounded in efforts to identify and tackle specific climate change challenges (thus providing the “climate rationale” for suggested investments), these investments will only contribute to lasting and sustained impacts if they provide more comprehensive solutions. This is also consistent with the mandate of the Governing Instrument, which demands that all GCF investments are placed in the context of sustainable development. In our view, this is the best way to increase the overall effectiveness, efficiency, and lasting impact of GCF investments, and as the capacity of the Independent Evaluation Unit develops, along with the reporting functions of the accredited entities, we hope new ways of capturing and sharing these process and outcome results will provide a richer measure of impact and an opportunity for further learning.

Similarly, through its growing network of partners (including now 84 accredited entities, the majority now direct access entities, and more than 140 NDAs), the GCF has the potential to achieve multiple benefits while setting new best practices in consideration and integration of human rights in climate investments globally. Ensuring that these partners fully embrace and implement projects and programmes consistent with the GCF’s forward-looking gender and Indigenous Peoples’ policies, a strong human-rights centred Environmental and Social Policy (ESP), and with respect for a set of independent accountability mechanisms that safeguard zero to low tolerance for failure to comply with these policies, which includes the procedures and guidelines for the Independent Redress Mechanism that present emerging best practice in climate finance, must be a priority for the GCF. This is an important way in which the GCF can maximize the impact of its financing.

### **Addressing Important Policy Gaps**

A number of core policy gaps need to be addressed by the GCF in the next implementation period in order to maximize its impact potential and realize the multiple benefits of its investments. While there are other policy gaps, such as those related to financing issues, not all are mentioned here. However, some gaps have so far been neglected in strategic programming and planning documents when the issue of filling core policy gaps is addressed. Therefore, we would like to draw special attention to these “other policy gaps” in this submission. First, an upgrading of the GCF’s gender policy with understanding of the complexity of gender identities and intersectionalities is needed. Second, the GCF’s Environmental and Social Management System (ESMS) also should be completed through the development of the GCF’s own rights-based environmental and social safeguards to ensure GCF programming maximizes its beneficial impacts. Third, the Fund also needs to develop a set of strengthened stakeholder engagement policies that addresses not only observer engagement at the Board level and in Board proceedings (a review process which has been stuck for close to three years), but also at the Secretariat level and the local, country, and regional levels throughout the implementation of GCF supported projects and programmes beginning with project/programme design and continuing throughout the project/programme cycle. Fourth, the GCF needs to develop guidelines for the operationalization of the Indigenous Peoples Policy. Lastly, the update of the strategic plan needs to recognize and articulate the role of civil society in increasing the impact of the Fund, including through GCF-related knowledge generation and management, capacity and awareness building, and by contributing technical expertise in order to ensure the development of GCF policies and their implementation reflect best practice.

Unfortunately, during the initial strategic plan, CSOs committed to actively monitoring GCF project proposals and their subsequent implementation at both the Fund and the country levels have seen that environmental and social safeguards and Indigenous Peoples’ and gender policy requirements are not always fully met in project proposals, and project proposals were approved despite lacking those requirements by adding instead a related condition to the approval decision. It is thus important

that going forward the GCF's proposal approval process is restructured in a way that allows the GCF Board to send back project proposals that lacks sufficiently articulated ESSs, gender, and Indigenous Peoples implementation commitments back for resubmittal with the identified deficits corrected.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Update of the gender policy with an understanding of the complexity of gender identities and intersectionalities,*
- *Development of the GCF's own rights-based environmental and social safeguards to complete the GCF's Environmental and Social Management System (ESMS)*
- *Development of a set of strengthened stakeholder engagement policies that address the engagement of observers at the Board level, at the Secretariat level, and at the local, country and regional levels throughout the implementation of GCF supported project and programmes.*
- *Development of guidelines for the implementation of the Indigenous Peoples Policy*

**Integral Approaches to Adaptation**

The GCF in its next operating phase, guided by an updated strategic plan, will need to redefine and strengthen its commitment to adaptation, including with a clear commitment to reaching balanced funding allocations between mitigation and adaptation in nominal terms, not grant-equivalent terms, if the GCF is to fulfill its mandated role in the global climate finance architecture, including decisively addressing the systemic underfunding of adaptation.

This is also particularly important in the context of efforts to increase the private sector engagement in the GCF, which according to the GCF portfolio overview presented at B.22 already accounts for 40 percent of GCF financing in nominal terms. CSOs active in the GCF are concerned that without a commitment to a multiple-benefits approach for adaptation, private sector proposals in adaptation will seek fewer holistic and sustainable adaptation approaches and instead be primarily guided by an return-on-investment motivation.

In this context, it is crucial that the GCF agrees on a clear adaptation approach that is grounded in supporting interventions that both address climate risks and underlying vulnerabilities. The GCF's approach to adaptation funding, to have maximum impact, must allow for programming based on local context with the goal of reaching and supporting the most vulnerable and marginalized population groups in the most severely affected communities, counties, countries, and regions. Such tailored interventions must uphold the rights of people and communities, including the right to food, access to water and energy, and adequate housing. Further, measuring the impact of adaptation efforts must go beyond the narrow quantitative indicator of direct/indirect beneficiaries reached (as the IEU's recent evaluation of the GCF results management frameworks also highlighted). Instead, there need to be indicators (both quantitative and qualitative) to understand whether and how interventions have made vulnerable communities more resilient to climate impacts.

There also needs to be a stronger focus on the National Adaptation Plan (NAP) support provided through GCF readiness financing. In particular, funding for NAPs can help countries consider long-term climate risks (moving past the 5-10 year time horizon) to develop better interventions and avoid potential maladaptation. In addition, it is critical that NAP processes ensure more active participation of CSOs and particularly affected population groups and communities as a matter of GCF best practice.

CSOs active in the GCF therefore argue that the current efforts of artificially differentiating between development vs. adaptation in investments that try to reach the most vulnerable and marginalized



population groups is counterproductive. The ongoing attempt to apply an incremental cost reasoning to GCF adaptation funding undermines effective and sustainable adaptation interventions. An incremental cost approach assumes that there is a hypothetical development baseline that will be met by other funding, which is both impractical and counter-productive for the poorest and most vulnerable. Applying such an approach will steer the GCF away from actions that help people who need it the most due to sheer technical difficulty of calculating incremental costs in underserved areas. The GCF's pursuit of strategic adaptation impact programming must support full-cost grant adaptation finance without prescribed co-financing requirements and incremental cost approaches.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Reaching and maintaining balanced allocation between mitigation and adaptation in nominal terms over the next four years.*
- *Securing the continued provision of a significant share of adaptation financing during that time as full cost grant financing*

**Due Diligence and Exclusion List**

There needs to be clear articulation of specific guidance and further development of due diligence in funding proposal assessment frameworks. This is especially important for delineating an exclusion list for certain approaches and technologies (such as CCS, nuclear energy, or euphemistically misnamed 'clean coal' projects). It is also vital to provide a clear set of criteria for the engagement in specific sectors, including guiding principles to protect human rights and environmental/ecosystem integrity (such as a sector guidance on biomass, the use of invasive species, or the prohibition of plantation reforestation approaches).

**Indicators of success for an updated strategic plan period (2020-2023):**

- *The GCF should articulate an explicit exclusion list of technologies and approaches not supported by GCF financing.*
- *The Secretariat should develop clear and detailed project development and implementation guidance in sectors with a high potential for human rights violations, such as in agriculture/food security and forestry/land use.*

**Taking Risk with the Engagement of a Broader Set of Actors**

The GCF was designed to have a higher risk appetite than that of other players in the global climate finance architecture. During the implementation period for the GCF's initial strategic plan the Fund's definition of "risk-taking" was however largely reserved for engagement of private sector actors and in the context of financial instrument and investment vehicles geared to their engagement. This risk approach needs to be broadened to engage different partners, including non-governmental, non-private sector local actors, such as community groups or civil society groups. Some of this broadened risk taking should involve the willingness to take 'bigger risk with smaller amount/small finance approaches', for example those in which access to GCF finance is shared through EDA and devolved decision-making via small grants or small loan approaches with a whole range of new actors, including local civil society groups or micro entrepreneurs, such as small-scale farmers or local fisherpeople.

It is striking that during the past few years some of the approved projects with the most conditions imposed by the Board were small-scale EDA projects involving small grant/small loan facilities to bring GCF funding directly to local communities. This is in contrast to large-scale fund-of-fund financial intermediation approaches involving private sector engagement, in which the willingness to take risks was commensurately higher. Devolved financing/EDA approaches with direct access to small finance tranches have the capacity for scale through easy replication in numerous countries

and through aggregation of small scale project ideas domestically (f.ex. through related calls for proposals) in a funding package suitable for GCF support.

**Indicator of success for an updated strategic plan period (2020-2023):**

- *The GCF's risk appetite should be broadened to include a more diverse set of actors, especially non-governmental, non-private sector local actors with access to devolved GCF funding in smaller tranches.*

**Accreditation Framework Review**

The GCF through its accreditation approach is uniquely positioned to “catalyse climate finance, both public and private, and at the international and national levels”, as the Governing Instrument demands (para.3), both in quantitative and qualitative terms through its partnership approach by working through a diverse and multi-faceted network of accredited entities. It now counts 84 implementing partners with many more in the pipeline. While we do not support a cap on the number of accredited entities, we would like to see a continued prioritization for accreditation for direct access entities (DAEs) coupled with more targeted pre- and post-accreditation readiness support to ensure that the accreditation of more DAEs also leads to increased funding approvals of DAE proposals. In adding DAE candidates to the accreditation pipeline, the nomination of DAEs must be better supported and targeted, including by encouraging the consideration of DAE candidates from countries without existing DAEs or supporting DAEs that increase access opportunities to GCF funding for local communities and population groups, including philanthropic organizations such as small grant making women’s or environmental funds.

When accessing accreditation applicant entities, in order to ensure their capacity to program for impact, the on-the-ground experience of communities and the track record of accreditation applicants’ activities (such as human rights abuses etc.) must be considered as part of the accreditation process. This means the Accreditation Panel should exert greater efforts in reaching out to in-country stakeholders, including civil society groups, to validate documents submitted by aspiring AEs as the existence of policies on paper is not sufficient. Information from communities on the ground as well as looking at the track record, if one exists, of a potential accredited entity prior to its approval is critical to ensuring that an applicant entity not only has the required policies (for example, ESSs, gender, Indigenous Peoples) and an accountability mechanism on paper, but also the capacity and track record of implementing them in practice.

The requirements and related challenges of accreditation do not require a pivot away from this system but should instead lead to continued improvement of the process and the framework. While many DAEs might have found the accreditation process lengthier and more difficult than expected, the entities that have succeeded have emerged from the process with strengthened institutional and policy frameworks (including regarding key fiduciary principles, ESS, gender, and Indigenous Peoples policies) that serve them to better access and implement funding not just from the GCF, but from a variety of other public funding sources, and also with the capacity to share experiences and knowledge gained through peer-to-peer support for the benefit of other DAE candidates.

Pursuing the proposed project-specific assessment approval (PSAA) is not an alternative, particularly if it is meant to facilitate one-off proposals from larger scale private sector actors, such as those having submitted proposals under the RfP for mobilizing funding for scale. In our view, in doing so, the GCF gives up the potential to use its accreditation process and partnership with accredited entities to influence the overall portfolio shift of exactly those actors. Proof of such a portfolio shift is currently part of the re-accreditation requirement. The updated strategic plan should reflect a strong commitment to fully operationalizing a robust re-accreditation framework that

ensures accredited entities are also evaluated for how their overall portfolios have shifted toward meaningful adaptation and mitigation actions, by finalizing the baseline methodology for assessing accredited entities' portfolio shift during their five-year accreditation engagement with the GCF.

As mentioned earlier, in order for the PSAA is to go forward in a way that does not compromise quality and safeguards while allowing for experimentation and learning, the GCF should restrict "project-specific accreditation" in a pilot phase to micro- and small-scale, low risk (category C) projects by potential new direct access entities for the Fund. Priority should then be given to potential direct access implementation partners seeking to bring proposals forward under the currently under-utilized pilot programs for Enhanced Direct Access (EDA) and engaging micro-, small- and medium-sized enterprises.

Lastly, in reviewing the accreditation framework, the Fund should more clearly articulate its expectations toward MIEs to be part of the institutional transformation in climate finance delivery. It could for example incentivize twinning efforts that pair MIEs with DAEs by giving priority consideration to such project proposals. In assessing multilateral access candidates for accreditation, MIE candidates should submit detailed documentation of existing capacity-building support for national-level institutions as well as the intended capacity support the MIE aims to provide to potential DAEs after GCF accreditation in the countries in which it seeks to operate. MIEs should also be held accountable in re-accreditation, starting in Spring 2020, for the extent to which they support the capacity building of national actors in line with the accreditation framework mandate.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Continued prioritization of accreditation of direct access applicant entities with more targeted pre- and post-accreditation technical and readiness support, including through peer-to-peer knowledge sharing and information support.*
- *Full operationalization of a re-accreditation framework, including of a baseline methodology that allows for the evaluation of how significantly the entire portfolios of accredited entities have shifted during their five-year GCF accreditation period.*

**C. Fully Operationalize and Enhance Country Ownership and Country Programming**

**Going Beyond NDAs**

CSOs active in the GCF have often stressed that while country ownership and country-driven programming must remain at the core of the GCF's work, country ownership cannot continue to be considered simply as 'government ownership.' Country ownership must be clearly defined and understood as ensuring the meaningful and effective engagement of the public and other stakeholders, especially civil society organizations, indigenous peoples, local communities, affected people, and women. The update to the strategic plan must reflect the value of and articulate robust measures for the improvement of comprehensive stakeholder engagement, particularly by women, indigenous peoples, and other often marginalized and vulnerable groups.

Fully operationalizing country-ownership requires committing to a concept of country-ownership that extends beyond the ownership of the National Designated Authorities (NDAs) while seeking at the same time to strengthen the capabilities of the NDAs to function as country coordinating mechanisms (CCMs). It needs to respond to findings from the IEU, such as in the readiness evaluation, where the engagement of civil society was found to be rudimentary, as well as the upcoming evaluation of country-ownership being conducted this year. The initial report from this evaluation will be released in July 2019, in time to inform the ongoing development of the

strategic plan. A core action item under an updated strategic plan, the Secretariat should further elaborate and provide more detailed guidelines on in-country stakeholder participation and country coordination that should be based on the highest international standards such as free, prior and informed consent (FPIC) and should not allow for the dilution of such international engagement standards based on “national circumstances”. Such guidelines should seek to emulate the best practice experience of the Country Coordination Mechanisms (CCMs) set up by the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Readiness support, including standardized readiness support package solutions, must be focused on CCMs as desired outcomes. The GCF Secretariat should also showcase individual good practice NDA examples in country programme development or readiness activities, to encourage peer-to-peer learning and sharing of experiences.

The iterative and comprehensive readiness and preparatory support the GCF provides to people and institutions as a driver for lasting policy and behavioral change is a core component for supporting country ownership and country programming. For this reason, CSOs active in the GCF are supportive of upfront allocations for readiness and preparatory support in line with projected needs for the Fund’s next operational phase, including for multi-year funding commitments. However, we would like to see increased accountability and transparency of readiness funding to ensure more of it is used in support of comprehensive stakeholder participation and country coordination efforts.

Likewise dedicated upfront amounts for the project preparation facility make sense, including for scaling up technical assistance to DAEs and NDAs for PPF applications and the articulation of high impact project concepts in line with country needs and priorities. In-country stakeholders, including civil society organizations, indigenous peoples, local communities, potentially affected people, and women’s groups, should be given the opportunity to engage in those early stages of project development by contributing their expertise and experience. CSOs active in the GCF would welcome the introduction of a two-stage proposal approval process if such a process were designed to provide greater transparency into the GCF pipeline and opportunities for stakeholders, including CSOs, potentially affected people and communities, to engage in the process, for example via a mandatory announcement and comment period of at least 30 days whenever a concept note is submitted for approval.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *The Secretariat should further elaborate and provide more detailed guidelines on in-country stakeholder participation and country coordination that should be based on the highest international standards such as free, prior and informed consent (FPIC) and should not allow for the dilution of such international engagement standards based on “national circumstances”. Such guidelines should seek to emulate the best practice experience of the Country Coordination Mechanisms (CCMs) set up by the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Readiness support, including standardized readiness support package solutions, must be focused on CCMs as desired outcomes.*
- *The GCF Secretariat should also showcase individual good practice NDA examples in country programme development or readiness activities, to encourage peer-to-peer learning and sharing of experiences.*
- *The transparency and accountability of future multi-year GCF readiness support grants should be increased to ensure that such readiness support in countries funds comprehensive and inclusive stakeholder engagement and country coordination efforts.*

**Dedicated Grant Mechanism to Support CSO and Community Engagement**

To further support and facilitate country ownership engagement in addition to dedicated readiness programming, there should be a generous financial allocation for the Secretariat to directly support stakeholder engagement of CSOs/communities beyond what is currently possible under readiness, where such support needs to be requested by NDAs, many of which have not prioritized such engagement. This could include a 'Dedicated Grant Mechanism,' a small grant facility operated at the Secretariat level, to allow direct finance access for community groups, women's groups, and indigenous peoples for activities including climate awareness raising, capability building on all things GCF, monitoring and reporting functions, etc. The example of other institutions, such as the CIF's Forest Investment Program, to set up such a fund-wide mechanism to enhance the capacity of indigenous peoples and other vulnerable groups to engage in and contribute to direct climate actions at the most local level, can inform the GCF. The development and deployment of a specific funding mechanism to support country-level stakeholder engagement, with particular preference for affected peoples and communities of both planned and implemented projects, women's groups, indigenous peoples, and other vulnerable groups, could be another success indicator to be integrated into the strategic plan.

**Indicator of success for an updated strategic plan period (2020-2023):**

- *Under the Secretariat's administrative budget, a dedicated grant funding mechanism to support country-level stakeholder engagement, with particular preference for affected peoples and communities of both planned and implemented projects, women's groups, indigenous peoples, and other vulnerable groups, should be developed and deployed.*

## **Enhancing GCF Country Programmes**

As an operating entity of the financial mechanism of the Paris Agreement, the GCF has an important role of supporting developing countries' articulation of needs and ambition through successive cycles of nationally determined contributions (NDCs) and adaptation planning via NAPs. 'Ambition' in an NDC supported by the GCF should refer to both process and output. In order to increasingly rely on country programmes as a way to develop GCF pipeline programming in line with successively more ambitious cycles of NDCs and adaptation planning, the role and participation of civil society organizations and local communities as core stakeholders in the development of country programmes needs to be vastly improved to ensure that their needs and priorities are addressed within those articulated for the country as a whole. So far, there is scant evidence of sufficient stakeholder consultation in the country programmes submitted, let alone integration of stakeholder concerns and needs. At the moment, the development of country programmes is voluntary; the finalized country programmes are also not publicly accessible. If country programmes are to be more directly linked to GCF project funding in the next phase of the strategic plan's implementation, then the Secretariat must ensure quality control of finalized country programmes that includes a verification that in-country stakeholders were comprehensively engaged in its elaboration. Irrespective of whether they are developed voluntarily, or as a mandate in the future, all finalized country programmes should be made publicly available by placing them on the individual country pages on the GCF website.

While accredited entities are encouraged to submit annual or multi-annual work programs, which are to be prepared in consultation with NDAs, in reality, AE work programs, particularly those of MIEs, reflect more often own institutional priorities and internal incentive-structures for pushing certain project ideas instead of partner country priorities as articulated in GCF country programmes (with the Secretariat reporting that there is currently an overlap of project ideas of only about 10 percent

between the two set of planning documents). In addition to creating match-making opportunities through regional structured dialogues, the GCF could prioritize those project ideas proposed by AEs for consideration that match with GCF country programmes. This would be a more active check on 'country-ownership' than the NDA letter of no-objection alone.

Finally, the Secretariat should actively encourage its accredited entities, especially MIEs, to follow the principle of subsidiarity when looking for executing entities as partners in on-the ground implementation by selecting the service provider at the most local level possible as well as encouraging knowledge transfer to local partners as part of implementation. Choosing more sub-national and local executing entities is a crucial way to not only increase sub-national and local access to GCF funding, but also do build the capacity of local implementers to comply with GCF standards and rules.

**Indicator of success for an updated strategic plan period (2020-2023):**

- *The Secretariat should ensure a quality control of finalized country programmes that includes a verification that in-country stakeholders were comprehensively engaged in its elaboration. all finalized country programmes should be made publicly available by placing them on the individual country pages on the GCF website.*

**D. Enhancing Accessibility, Inclusiveness and Transparency**

**Funding for Micro- and Small-Scale Activities**

A stronger focus in the update of the strategic plan and related action points should be on measures to strengthen the accessibility of GCF funding through direct access and enhanced direct access (EDA), which is also what distinguishes the GCF in the global climate finance architecture and increases the Fund's comparative advantage to other existing funds for more inclusive mitigation and adaptation actions. As CSOs active in the GCF, we would like to see such access improved over the Fund's next implementation period, specifically the access of smaller direct access entities (DAEs) and the people and communities they serve, and the expansion and streamlining of the Simplified Approval Process and Enhanced Direct Access pilots for this group.

With only two EDA projects approved out of the potential ten that were greenlit by the Board for this pilot program, not only must further EDA proposals be encouraged and then prioritized within the GCF pipeline, but ways of capturing and moving forward from the pilot should be represented within a four-year strategic plan as a way to focus on programmatic approaches that can bundle and aggregate much smaller in-country activities to a GCF micro or small project scale act. Such activities should directly address the needs of communities and local actors, including Indigenous Peoples and women's groups. Through EDA, those groups would gain some access to GCF financing that without devolved financing would remain inaccessible to them.

Regarding the Simplified Approval Process (SAP), which CSOs have championed from the beginning as a way to increase accessibility to GCF funding, we would like to expand the utility of the SAP, especially for DAEs for micro and small-scale no to low-risk projects (which in our reading would already exclude most Cat. B projects). However, we would question the use of the SAP by MIEs that are in general not subject to the same project proposal elaboration and documentation challenges that many DAEs face. The SAP should also not be used to undercut specific additional documentation or evaluation requirements, such as score cards, under existing RfPs. Lastly, the SAP process, even with further simplification, should not eliminate CSOs' opportunity to engage and comment on every SAP project proposal. This is especially important

if decision-making on SAP project proposals were to be devolved to a Board committee such as the Investment Committee, or handled as a decision-in-between Board meetings. It is critical that civil society in affected countries has access to SAP project documentation in a timely manner and with the required time period to make comments (that is at least 21 days before a Board decision on approval), including through the full engagement of the active observers in such decision-making procedures in the future. If such a process is adopted, it should be done on a trial basis at first and reviewed after a reasonable time (i.e. 1-1.5 years) before it ever became standard practice.

**Indicator of success for an updated strategic plan period (2020-2023):**

- *Increased access for smaller direct access entities and the people and communities they serve to GCF funding through further expansion and streamlining of the pilots for Enhanced Direct Access and Simplified Approval Process.*

### **Increasing Inclusiveness**

The GCF should commit to high standards for the inclusiveness of all its activities. The development of the 2015 Gender Policy and the related three year Gender Action Plan, as well as the 2018 approval of an Indigenous Peoples policy were core operational milestones to strengthen the inclusiveness of all GCF projects and procedures. However, the implementation of both policies must be further improved over the GCF's next operational period so that the GCF can strive for global leadership in human rights-based implementation of climate action, including through increased investments in addressing capacity and awareness gaps in recipient countries and among implementation partners.

The upgrade of the existing gender policy in line with a contemporary understanding of gender dimensions, identities and their intersectionalities should be one priority action for the updated strategic plan. This policy update should be accompanied by a thorough portfolio gender evaluation of how well gender equality outcomes have been integrated into projects and whether project-specific gender action plans have been implemented. In addition, the GCF should not allow project proposals to be approved without adequate efforts to integrate gender. A success indicator for a four year strategic plan could be that 100 percent of proposals approved during that time-frame should include some budgeting for gender-responsive measures, with 100 percent of proposals setting under the project-specific gender action plan targets, indicators, budgets, gender expertise to follow up actions and timelines. In line with IEU evaluations on readiness and results management, the integration of key gender equality considerations into in readiness and PPF support and into the GCF's results management and performance measurement frameworks must also be further strengthened.

The approval of the GCF's Indigenous Peoples Policy in 2018 was a significant first step toward securing the inclusiveness of GCF projects and procedures for Indigenous Peoples in order to ensure that they benefit from activities and projects of the GCF in a culturally appropriate manner and in line with international human rights obligations including those that demand their free, prior, and informed consent. With the challenges that many indigenous peoples' groups are facing in a number of GCF recipient countries to be recognized, it is important that the GCF in its implementation guidelines for the IP policy clearly elaborates that those international human rights standards cannot be watered down through efforts for 'national contextualization'. The

planned establishment of an Indigenous Peoples Advisory Group, which is planned to be constituted in parallel with the timeframe for the update of the strategic plan, should lend further support to ensure that indigenous peoples issues are also reflected in readiness support and results management.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Update of the GCF gender policy in line with a contemporary understanding of gender identities and their intersectionalities.*
- *100 percent of proposals approved during that time-frame should include some budgeting for gender-responsive measures, with 100 percent of proposals setting under the project-specific gender action plan targets, indicators, budgets, gender expertise to follow up actions and timelines.*
- *Progress in fully implementing the GCF Indigenous Peoples policy through the development of implementation guidelines that clearly elaborate that international human rights standards cannot be watered down through efforts for ‘national contextualization’ and the establishment and successful operation of an Indigenous Peoples Advisory Group,*

**Increasing Transparency and Communication Outreach**

The GCF should commit to the highest levels of transparency through proactive information disclosure and comprehensive communication outreach, including in multiple languages and through various media platforms. The current practice of live webcasting of the GCF Board meetings should be continued as an evolving best practice, which allows for the engagement and participation of a much broader range of stakeholders than those who have the formal mandate or can afford to travel to GCF Board meetings. With persisting clear gaps in current information disclosure practices, the update of the strategic plan and related actions provide opportunities for setting a new best practice foundation for GCF transparency. For example, publishing all project-specific annual performance reports, not just the Secretariat’s annual portfolio performance report, will provide an opportunity for participatory monitoring, sharing lessons learned and identifying ways to strengthen project implementation, and providing greater accountability to the communities that the projects are designed to serve. Likewise, no country programmes have been published on the website. With the public publication of both of these types of documents, the GCF will take a great stride forward in comprehensive information disclosure.

Likewise, more resources should be dedicated to creating materials in multiple languages, including but not limited to producing and publishing full project proposals for countries whose lingua franca is not English in the country’s official language, while summary materials should be created in additional local languages. Inclusive consultation and meaningful participation of in-country stakeholders, especially of local communities, Indigenous Peoples, and women, in project preparation, implementation, and monitoring cannot be secured without making core project documents available in multiple, including local, languages. The costs for those efforts could be integrated as part of the project budget. At the same time, greater attention to making operational guidelines, toolkits, and manuals of the GCF accessible could be demonstrated through simple actions such as ensuring that all core policy and guidance documents are at least available in English, French, and Spanish. We would welcome dedicated funding for ensuring the GCF is accessible and therefore more accountable to the regions around the world that it serves.



Finally, the GCF's ability to communicate more effectively with in-country stakeholders could also be enhanced through the establishment of a regional presence for the Fund as it would increase the opportunity for relevant stakeholders, including for civil society and local groups to engage more directly with the Secretariat.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Further improvements in the implementation of the GCF's pro-active information disclosure, including in particular the publication of all Accredited Entities' Annual Performance Reports (APRs) and all finalized country programmes on the GCF website.*
- *Increasing the availability of project proposal documents, GCF core operational policy and guidance documents, toolkits and manuals in multiple languages, including if possible local languages to allow for the engagement of affected communities and groups.*
- *Establishing a regional presence for the Fund as a way for in-region and in-country stakeholders to engage more directly with the Fund Secretariat.*

## **Accountability and Integrity**

Fully funded and operational independent accountability mechanisms are vital to the functioning of the GCF. The GCF has taken significant steps towards this as its independent units are all functioning and have continued to take welcome vital steps in their operationalization. The updated strategic plan should represent a continued commitment to the development and capacity-building of the independent units. Thus, approving an evaluation policy, which will guide evaluation practices not only within the IEU itself but across the GCF, is another policy that should be prioritized. Additionally, the GCF should find ways to show clear progress on implementing recommendations emanating from evaluations by the IEU and the work of the Independent Redress Mechanism and the Independent Integrity Unit as doing so is pivotal for the GCF to demonstrate that it is a learning institution and that next operational phase of the GCF during the replenishment period will build from the foundation of the past several years. Also, as mentioned above, the commitment to accountability should also be reflected in the accreditation process and ensuring that accredited entities and those seeking to be accredited have appropriate grievance redress mechanisms and integrity policies.

**Indicators of success for an updated strategic plan period (2020-2023):**

- *Account for progress in implementing recommendations emanating from evaluations by the IEU and the work of the IRM and the IIU to demonstrate the GCF's capacity as a learning institution.*

## **IV. Conclusion and Outlook**

Thank you for the opportunity to provide this input on behalf of CSOs active in the GCF on the update of the GCF's initial Strategic Plan. While this is an important element of the "inclusive process of engagement with GCF stakeholders" that the Board mandated the Secretariat undertake in decision B.22/06 (d)(ii), it should be by no means be the only one. We are hoping for further opportunities for engagement between April 30 and mid-October (i.e. B.24), when the Board considers the proposed Update to the GCF Strategic Plan

in order to bring more voices from developing country CSO colleagues in GCF recipient countries and specifically from grassroots organizations, communities, and marginalized population groups into the process.

Throughout our submission we have highlighted as a core theme our conviction that the more the GCF succeeds in its next operational phase to draw on the widespread input and participation of all in country stakeholders as a way to strengthen its programming and processes, the more the vision of the GCF as a fund that promotes the paradigm shift to low-emission and climate-resilient sustainable and people-centred development can be fulfilled.

**Submission on April 30, 2019 by:**

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This submission was compiled and written by Liane Schalatek, based on input and contributions provided by members of the Civil Society Organization (CSO) Working Group on Strategic Vision 2019, acknowledging in particular the strong written inputs by CSOs in support of this submission (in alphabetical order):

- Asian Peoples Movement on Debt and Development (APMDD), Philippines
- Center for International Environmental Law (CIEL), USA
- Heinrich Böll Stiftung Washington, DC, Germany/USA
- Indigenous Peoples' International Centre for Policy Research and Education (Tebtebba), Philippines
- Rainforest Foundation Norway, Norway
- Women's Environment and Development Organization (WEDO), USA

Finally, the following civil society organizations (CSOs) have signed on in support of this submission (in alphabetical order):

- Abibiman Foundation, Ghana
- Action for Improvement of Food Child and Mother (AFICM), Democratic Republic of Congo
- All India Women's Conference (AIWC), India
- African Women's Network for Community Management of Forests (REFACOF), Cameroon
- **Aksi!** for gender, social and ecological justice, **Indonesia**
- Amis de l'Afrique Francophone- Bénin (AMAF-BENIN)

- Asian-Pacific Resource and Research Centre for Women (ARROW), Malaysia
- Asia Pacific Forum on Women, Law and Development (APWLD)
- Bank Information Center Europe, The Netherlands
- Bretton Woods Project, United Kingdom
- Care International
- Centre d'Echanges et de Ressources pour la Promotion des Actions (CERPAC), Republic of Congo
- Centre for 12st Century Issues, Nigeria
- Climate Action Network-Uganda, Uganda
- Environics Trust, India
- Fundación Ambiente y Recursos Naturales (FARN), Argentina
- Federation of Community Forestry Users, Nepal (FECOFUN)
- GenderCC Southern Africa-Women for Climate Justice (South Africa)
- Global Witness, United Kingdom
- Gender and Environmental Risk Reduction Initiative(GERI), Nigeria
- Humana People to People, Zimbabwe
- International Centre for Climate Change and Development (ICCCAD), Bangladesh
- International Climate Development Institute (ICDI), Taiwan
- International Movement ATD Fourth World, France
- Jeunes Volontaires pour l'Environnement- International, Togo
- LDC Watch, Belgium
- Oriang Women's Movement, Philippines
- Pakistan Fisherfolk Forum, Pakistan
- PELUM Zambia, Zambia
- SANLAKAS, Philippines
- Siglo XXIII, El Salvador
- Support for Women in Agriculture and Environment (SWAGEN) Uganda
- Sustainable Development Foundation (SDF), Thailand
- Third World Network (TWN)
- Transparency International-Korea Chapter, South Korea
- Unitarian Universalist Service Committee (UUSC), USA
- Women Engage for a Common Future, (WECF), Netherlands
- Women Environmental Programme (WEP), Burkina Faso
- ACTIONS COMMUNAUTAIRES POUR LE DEVELOPPEMENT INTEGRAL/RDC
- Asociación Regional Mujeres Ingenieras, Perú
- Bangladesh Krishok Federation (peasant and farmers' movements)
- DIVA for Equality, Fiji
- Pacific Partnerships on Gender, Climate Change and Sustainable Development (PPGCCSD), PSIDS/Pacific
- Women Defend the Commons, PSIDS/Pacific
- Sukaar Welfare Organization Pakistan
- Climate Watch Thailand