



**GREEN
CLIMATE
FUND**

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Updated Strategic Plan for the GCF 2024-2027: Co-Chairs' roadmap – Addendum I

Summary

This document contains the comments-response matrix the Secretariat prepared in response to technical questions and inquiries received from Board Members and Observers on DRF.01 of the Strategic Plan 2024-2027 between 24 December 2022 – 27 January 2023, and during the Board workshop held in Paris, France on 1 March 2023.

USP-2 CONSULTATION DRF.01 - Comments from Board and Active Observers

Comment type	Section	Paragraph	Issue	Board member/s	Comments	Proposed response
Comment - no action required	Vision	10	Vision	AGN	On the strategic vision, we are of the view that GCF has a key role in channelling and providing financial resources for adaptation and mitigation to developing countries, in addition to equipping developing countries to increase flows of finance.	Noted
Comment - no action required	Cross-cutting	NA	Structure	AGN	We are in agreement with the proposed architecture and the evolution of the USP over the years. We welcome the updated, and simplified structure of the USP.	Noted
Comment - no action required	Implementation & Review	NA	Review / update of USP	AGN	We do not think it is helpful to repeat the exercise of re-drafting the USP every 2-3 years. Rather the process for GCF-3 must measure progress in contributing to the agreed goals across each replenishment/programming period.	Noted. As noted above, a revised draft can capture a mechanism for the Board to measure and track GCF's contribution to mid-term goals, and amend this contribution accordingly, over successive programming period.
Proposal - Guidance needed	Vision	NA	Resourcing	AGN	The USP must contain a strong statement regarding the GCF's resource base and the lack of an appropriate annual commitment authority. Unless there is a significant increase in resources provide directly into the GCF Trust Fund, based on the obligation by developed countries under the GI, the fund will not be able to meet its objectives as agreed by Parties in 2012, to make a significant contribution to the international communities climate change goals.	Linkage between the USP and GCF resourcing is key issue for further discussion by the Board. The Secretariat will prepare further analysis of resourcing scenarios and how these might correlate to different mid-term goal ambition levels, to inform further Board discussions.
Proposal - analysis required	Mid-term goals	12	Mid-term goals; Resourcing	AGN	<p>We welcome the USP's shift to setting mid-term goals. These goals need to cover at least twothree replenishment/programming periods to allow for targeting programming but also to align with the needs and priorities of developing countries as articulated in the current Updated NDCs (covering the years 2025-2030) and the 2024/2025 Updates (covering the period 2030-2035). We do not support setting goals only for the GCF-2 period. The goals are not only for the GCF to achieve, but rather the goals should represent existing international consensus and for the GCF Board to determine the extent to which the GCF can contribute to the achievement of these goals. In this regard the Board should set an overall resource mobilization goal/target.</p> <p>We do not support an extensive goal-setting process. However, we need a small set of comprehensive goals. The goals will be backed up by the Board's decision on resource allocation expected at B.37, and monitored in terms of the IRMF. While we welcome the mid-term goals, we stress milestones and results through 2035 need to be discussed further as these results are contingent on resources. During the discussions on the GCF-3 programming period, the Board can measure and track the GCF's contribution to these goals, and amend accordingly.</p> <p>In terms of the proposed goals for 2027, the goals include both proposed GCF programming goals and a broader set of goals that the GCF will only partially contribute towards. Some of these goals are far too broad and it will be almost impossible to track the GCF's contribution to these goals.</p> <p>We are of the view that some of the goals need to be re-framed to convey the agreement in the Governing Instrument reflecting the objective of the Fund. The current draft also does not adequate situation the USP in terms of the recent agreement and priorities agreed to in the Sharm El-Sheik Implementation Plan.</p>	<p>The refinement of the mid-term goals is a key issue for further discussion by the Board.</p> <p>The Secretariat will prepare a revised proposal on the mid-term goals that more clearly reflects and distinguishes between: (i) the mid-term pathways for 2030/2035 that are derived from global commitments, global pathways and NDCs, which GCF will 'contribute to'; and (ii) specific goals that GCF could achieve in the period to 2027 with GCF-2 resourcing. This will be accompanied by resourcing scenarios analysis, to inform further Board discussions on setting appropriate ambition levels for mid-term goals and accompanying programming directions.</p> <p>The Secretariat takes note of the comments that the USP should include a mechanism for the Board to measure and track GCF's contribution to mid-term goals, and amend this contribution accordingly, over successive programming periods; and the importance of better calibrating to the Sharm El-Sheik Implementation Plan. These proposals can be incorporated in a revised draft.</p>
Question / technical clarification	Mid-term goals	14	Mid-term goals (MSMEs)	AGN	On the proposed goal for MSMEs, the explanation in the Annex suggests a primary focus on the PSF. However, we are extremely concerned that the Fund relies to heavily on international private sector entities rather the local financial institutions.	The proposed innovation goal of over 1000 start-ups or MSME having enhanced seed or early stage capital was designed principally to capture startup equity funding via early-stage growth-mechanisms (eg FP005, FP078) or via incubators/accelerators, hence the focus in the Annex on PSF programming. However PSF programming would not be confined to international private sector partners but could also include DAEs (currently 34% of all approved PSF projects are with national or regional DAEs). In addition, support to MSME can also be extended through lines of credit through either public or private sector AEs, captured under objective 5 on greening finance.

Proposal - analysis required	Mid-term goals	14	Mid-term goals (just transitions)	AGN	For the propose 2030-2035 goals, we believe that they do represent a good starting base for consideration but they requires refinement. While we definitely support the GCF's work on just transition, we think the current phrasing does not represent the agreed language in the GI. We are missing the clear expression of the GCF's core objective that is to "promote the paradigm shift towards low-emission and climate-resilient development pathways." Ideally when the Fund gets to the 2030-2035 period we would need to demonstrate the GCF's contribution to the "paradigm shift" and the "pathway." Generally we do not see this being emphasised thought the USP, it seems it is just assumed or implied by other actions.	The refinement of the mid-term goals is a key issue for further discussion by the Board. As noted above, the Secretariat will prepare a revised proposal on the mid-term goals that more clearly reflects and distinguishes between: (i) the mid-term pathways for 2030/2035 that are derived from global commitments, global pathways and NDCs, which GCF will 'contribute to'; and (ii) specific goals that CGF could achieve in the period to 2027 with GCF-2 resourcing. The Secretariat will aim to refine the language of the proposal in this context.
Question / technical clarification	Mid-term goals	14	Mid-term goals (incubators)	AGN	The proposed goal for 50 incubators is not clear and may need further clarification on this. Firstly, simply supporting a number quantify of incubators is not a measure of support to technology transfer and development, nor does it imply implementation. It seems the focus here is on the number of incubators and nothing else.	The proposed goal of 50 incubators was chosen as it is a measurable metric, and links to the work mandated by the COP/GCF Board on technology incubators and accelerators. The assumptions underlying the proposal, as set out in Annex I, are that an RfP on technology incubators/accelerators for 200-300m would generate about 10 funding proposals, each of which would support the creation of between 2-6 incubators/accelerators. The Board may wish to explore alternative goals for innovation/technology; the Secretariat can provide advice on the feasibility of alternative proposals.
Proposal - analysis required	Mid-term goals	14	Mid-term goals (EWS)	AGN	In relation to the proposed goal of universal access to climate information and early warning systems could be more explicit. If the UNSG's assessment is that the requirement is USD 3.1 billion, is it not better to at least double/triple the exiting GCF portfolio (USD 650m) by 2027?	To maintain the focus on results, the Secretariat's thinking (per Annex I) had been to frame GCF's contribution to this goal in terms of the number of countries, particularly SIDS/LDCS/Africa benefiting from new or upgraded early warning systems. It would also be possible to frame the goal as % increase of the GCF portfolio, but this would make the goal oriented to financial allocations rather than climate results. The Secretariat will develop a revised formulation for this goal in the context of developing a revised Section III on Mid-term goals.
Question / technical clarification	Mid-term goals	14	Mid-term goals (devolved finance); Locally-led adaptation	AGN	The proposed goal of devolved finance for vulnerable communities also requires some clarification and can be strengthened to be more explicit. It is our view that this goal could 4 only be achieved with significant policy changes. It would be useful to understand the policy changes that would be envisage to turn this into reality	The proposed goal of devolved financing for developing countries was designed to measure the number of countries, particularly those most vulnerable to climate change, able to implement locally led-responses to climate change through EDA or other devolved financing approaches (eg FP193, FP184, FP169, FP061, FP024). These types of proposals can be implemented under current policy settings, with the main requirement being an AE accreditation scope including on-granting or on-lending. Scaling up these types of proposals would not necessitate policy change, but would require concerted programming engagement to increase uptake by AEs with the appropriate accreditation scope, or via PSAA.
Proposal - Sticky issue	Strategic objectives	16-17 & 22-23	Innovation; Private sector	AGN	In relation to the proposed strategic objectives, we have concerns about the Secretariat's approach to include innovative financial systems and greening financial systems. As we saw in the Board's consideration on FP197 the Board does not have consensus on these approaches. There are still many open questions about using the GCFs very scarce resources for potentially trickle-down private sector support for developing countries. In general, the USP is too focused on financial innovation and the role of the private sector. This needs to be more balanced, as the majority of the climate priorities of developing countries will remain as primarily public sector investments. It is the State that will still provide water, energy, transport infrastructure, food systems and as such the priority focus of the GCFs finance must support the state in implementing the pathway towards low emissions and climate resilient development. In this regard, the Board should consider direct budget support modalities as empowering the State.	To be further discussed by Board, as divergent views have been presented with regard to the appropriate scope, focus and degree of emphasis in the USP-2 on innovation, the private sector and greening finance

Question / technical clarification	Cross-cutting	NA	Information request	AGN	We would also to request a comprehensive list of all programming initiatives that the Secretariat is involved in or where the Secretariat has committed the Fund to support other programming process. We are concerned with the lack of transparency with regarding to his approach.	A comprehensive list of programming initiatives could cover all instances in which the Secretariat is actively following up on the development of project ideas submitted by countries, AEs, through RfPs or through work on complementarity and coherence with other Funds, which is part of the day to day business of the Fund. Assuming the intent of this question is focused on larger scale 'thematic' programming initiatives engaging multiple country and AE partners, the Secretariat is working on a handful of such initiatives spanning the four transitions. These are at various stages of development, with several having PPF approved and others in process of submitting PPF requests. Examples are: - Ecosystems: FPs already approved and others under development for the Great Green Wall; blue economy programmes being developed with Caribbean & Pacific. - Energy: exploring "Hardest to Reach" programme as new generation of energy access programming for Africa - Agriculture and food: exploring new platform on regenerative agriculture - Infrastructure: exploring a green sustainable infrastructure finance platform
Proposal - Sticky issue	Strategic objectives	22-23	Greening finance	AGN	We do not agree that the GCF was established to build the capacity of financial institutions in developing countries to integrate climate risk into decision making. This is an example of the on-going mandate confusion and creep.	To be further discussed by Board, as divergent views have been presented with regard to the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, including the GCF's role in helping financial institutions integrate risk into decision-making
Question / technical clarification	Strategic objectives	NA	Feasibility & trade-offs	AGN	We also look forward to the Secretariat's further analysis on the feasibility of achieving the proposed strategic objectives and/or trade-offs as a result of resourcing.	Noted, the Secretariat is aiming to develop further analysis on resourcing, feasibility and trade-offs to inform the March 1 workshop
Proposal - analysis required	Mid-term goals	12	Direct Access	AGN	<p>We find the goal on DAEs for 2027 misleading. Doubling the number of entities with capacities to programme is not the same as the increasing the level of programming by DAEs. This is a fundamental issue for developing countries. In our assessment there are currently 71 approved DAEs, 58 of which are national DAEs and 13 regional DAE. However the Board's annual funding targets for DAEs (depending on available commitment authority) is on average between 6-12 DAE projects per year. In many case, meeting these target as based on 1-4 DAEs absorbing the majoring of both the number of project and the total value of the finding allocation. If the number of 58 DAEs would be doubled by the end of GCF-2, that would mean in GCF-3 there would be a total of 116 DAEs.</p> <p>Unless the GCF's commitment authority significantly increases it would mean that these entities would be competing for 9-15 FP annually. Assuming parity among DAEs, some entities would not receive GCF funding until GCF-4 or GCF-5. Even for 2023, 71 entities are competing for 12 FPs maximum.</p> <p>Therefore in our view just adding a number target goal does not comply with the GI's provision that the "Fund will play a key role in channelling new, additional, adequate and predictable financial resources to developing countries."</p> <p>We also note the summary finding of the Second Performance Review, in particular: a. Direct access through accredited DAEs remains the preferred method for many countries. b. Only 25 per cent of countries have access to accredited national DAEs; more countries have access to regional DAEs, especially SIDS. c. The appetite for accreditation among DAEs appears to be slowing down due to the length of the process and dimming expectations for FP approvals. d. Country accreditation decisions, programming and capacity-building are not yet sufficiently aligned and targeted to facilitate direct access. e. There has been limited success so far in bringing together the Secretariat, NDAs, AEs and DPs in countries to better align GCF and country programming priorities. f. Many DAEs struggle with accreditation requirements and require capacity support, while the Secretariat's more focused and tailored capacity support has still to show results. DAEs in particular are concerned about a lack of transparency in the process requirements, length of time accreditation takes, and the likelihood for ultimate Fund access</p>	<p>The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board.</p> <p>The intent of the Secretariat proposal in DRF.01 para 12 was establishing a goal to double the <i>number of DAEs with approved FPs</i>, however we understand from various comments received on this point that the language has not clearly captured the intent. This can be clarified for the next draft. We note that the operational and institutional goals (para 24) also include a parallel goal to continue increasing the share of DAEs in the AE network.</p> <p>The Secretariat notes that Board members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Access - whether this should be focused on number of DAEs accredited, share of countries with DAEs, number of DAEs programming, DAE capacity building, DAE funding etc. The type of DAE goal that is set will alter the programming incentives and trade-offs to be made. Eg a goal focused on increasing the <i>number</i> of DAEs programming would incentivize and necessitate working with (and building capacity of) a wider number of DAEs, but potentially lead to lower overall DAE funding volumes if first-time FP are of a smaller average size. A goal focused on increasing the <i>volume</i> of DAE programming would incentivize working with DAEs that are capable of programming at larger project sizes, but potentially lead to a lower number of DAEs participating in GCF programming. There may also be trade-offs in terms of speed: i.e. working with first-time programming DAEs is likely to require longer project approval and implementation times, than working with AEs that have already been through the GCF project cycle. The Board may consider these different incentives/trade-offs in determining GCF's forward strategy on Direct Access.</p>

Proposal - language amendment	Strategic objectives	14	Climate investment capacity	AGN	<p>We do not agree with the concept of /term climate investment capacities. This is a misinterpretation of the GCF direction and does not comply with the GI. Paragraph 36 states that the Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities. There is no reference to climate investment capacities. In fact, the national capacity the Funds need to support can only be related to the obligations and undertaking developing countries have agreed to, as contained in their NDCs, LTS and AC.</p> <p>The proposed text of support for national climate investment and climate investment pipelines misinterprets and conflicts with nationally determined actions. This section, unfortunately, captures the Secretariat's very narrow view that the GCF is an investment vehicle for co-investments and investing in the climate finance architecture. We have repeatedly questioned the Secretariat's interpretation of the GCF's purpose and business model, and we do not support this approach. It is not the purpose of the USP to concretise the Secretariat's re-interpretation of the GI, particularly the views that the GCF should be a fund of funds. This matter was discussed at length during the Transitional Committee and rejected.</p> <p>In our view the USP needs a core long term objective to build the in-country capacity of NDAs, direct access entities (DAEs) and other national institutions (including the private sector), recognizing that only a handful have the capacity to manage and mobilize funds at the requisite scale and speed to affect their NDCs.</p>	<p>The language 'climate investment capacities' was used here as a shorthand reference to the range of national institutional/human/systems/tools etc capacities that developing countries may need to build or strengthen in order to effectively implement their NDC/NAP/AC/LTS/other climate plans, through turning them into project/programme investments. These may relate to the capacities of NDAs/focal points, DAEs, or other stakeholders engaged in climate investment planning or implementation process (eg other national or subnational government agencies, private sector, CSO, academia, etc). They may also relate to any step in the process from acquiring and internalizing climate change/climate risk analysis into planning and economic/financial decision-making, to originating and implementing investments, strengthening enabling environments, or capturing knowledge/learning. The GCF's programming experience to date suggests that significant capacity strengthening across these areas is needed to equip developing countries to be able to effectively implement their NDCs/ACs/NAPs/LTS etc and generate high quality pipelines. Changes to the language can be incorporated into a revised draft to make the intent clearer and avoid any inconsistency with the GI. The Secretariat notes that Board members have expressed differing views on the scope of this work.</p>
Comment - no action required	Cross-cutting	NA	Vision; Impact	Canada	<p>Impact: Focusing on and Communicating Results</p> <ul style="list-style-type: none"> We welcome the GCF Secretariat's proposed commitment to focus on overall results rather than specific allocation targets. This will help countries to communicate what the GCF has achieved. 	Noted
Comment - no action required	Cross-cutting	NA	Vision	Canada	<p>We appreciate the long-term focus on the paradigm shift, as well as the strong focus on access as outlined in the operational strategy</p> <p>The development of the USP-2 is an opportunity to tell the GCF's story, in terms of what is achieved to date, where it is going, how it fits into the wider climate finance architecture, and the kinds of results the organization would like to achieve. We believe this version provides significant direction for the Board to further discuss and identify shared priorities.</p>	Noted
Proposal - analysis required	Cross-cutting	NA	Results measurement; Allocations	Canada	<p>It is recommended that the GCF's continued commitment to reporting on results for the 50/50 mitigation and adaptation split be outlined in the document, as this is a key objective of the GCF's Governing Instrument, and will help donors to report on their respective Climate Finance Programs.</p> <p>o It would also help to continue to report on results on the eight areas of focus, in particular on the use of nature-based solutions, climate smart agriculture or nature regenerative agriculture and gender-transformative outcomes, to help deliver on guidance from the Climate COP and the outcomes of the Kunming-Montreal Global Biodiversity Framework.</p>	<p>The Secretariat will continue to report the GCF's performance on all Investment Framework allocation parameters (currently set by Decision B.27/06), including the 50:50 Mit: Ad balance, as well as the eight results areas of the IRMF. However the Secretariat intentionally refrained from including the allocation parameters in DRF.01 so as not to mix these up with the more climate-results oriented mid-term goals set out in Section III. After concluding its consideration of the USP-2, the Board may wish to also update the Investment Framework allocation parameters in a way that aligns with the GCF's updated programming strategy.</p>
Question / technical clarification	Cross-cutting	NA	Prioritization; Results measurement	Canada	<p>It would be helpful to better understand how the results in the mid-term goals will be tracked and how this will link to key performance indicators in the Investment Framework. This includes clearly articulating how the Fund will finance projects and programmes that demonstrate the maximum potential.</p> <p>o We feel the clear explanation and analysis outlined in Annex 1 is particularly helpful in linking the proposed goals to the wider context of NDCs and global pathways; it could be brought into the section on mid-term goals to provide greater clarity.</p>	<p>The setting of mid-term goals would influence the Fund's programming/investment and results frameworks in the following key ways:</p> <ul style="list-style-type: none"> Programming: The mid-term goals would shape the GCF's programming strategy - i.e. each mid-term goal would need to be 'backed' by appropriate resourcing, and the Fund would need to work with its partners to actively source FPs that help meet the mid-term goals. While the mid-term goals would not modify the Investment Framework/criteria, they might lead the Fund to prioritize 'IF-fit' FPs that best help meet the mid-term goals. In areas where there are too many 'IF-fit' FPs relative to resources for programming, an approach to prioritizing project selection would still be needed. Results management: The overall results of GCF programming would continue to be tracked using the IRMF framework and core/supplementary indicators (eg GHG emissions, beneficiaries etc). The GCF would additionally report progress against any specific targets included in the mid-term goals, that are not already covered by the IRMF.

Proposal - language amendment	Cross-cutting	NA	Gender, indigenous people, local communities; ESS	Canada	<p>Inclusion: Partnering with and Delivering Benefits for Everyone</p> <ul style="list-style-type: none"> • Canada is pleased with the references to address the resilience of vulnerable communities, including SIDS and LDCs, as is outlined in the latest guidance from the COP. We are further supportive of key references to the promotion of gender balance and human rights. • To ensure that GCF programming meets the needs of the poorest and most vulnerable, we would recommend a strengthened commitment in the document to address the inclusion of women and girls and partnerships with Indigenous communities and local communities. o This will help further communicate the GCF's value-add and comparative advantage in the climate finance space, building on the Fund's leadership role as one of the first climate finance mechanisms to mainstream gender and inclusion perspectives from the outset of its operations. 	Noted, the Secretariat will aim to strengthen the language on inclusion of women and girls and partnerships with indigenous and local communities in a revised draft.
Question / technical clarification	Introduction	NA	GCF story	Canada	<p>Innovation: Telling the GCF Story of Yesterday, Today and Tomorrow</p> <ul style="list-style-type: none"> • As we report on key results achieved, we will need to provide easily digestible information (i.e. sound bites) for Ministers on the types of new activities the GCF is undertaking including on private sector engagement, blended finance, and the use of nature-based solutions. It would also be helpful to highlight some of their key lessons that have been learned from the previous replenishment period to demonstrate that the GCF continues to evolve as a learning organization. • This will help Ministers to understand and communicate why the GCF warrants additional public funds and it will also help to give some direction on the way forward within to the Plan. o For example, over the course of the GCF period, the organization has strengthened the policy suite on private sector engagement and pathfinder projects (i.e. Global Fund for Coral Reefs; CRAFT). It would be beneficial to outline how the USP-2 will further scale up these pilots during the GCF-2 period. o The USP-2 is also an opportunity to show how the organization has matured and improved its governance function, delivered a more comprehensive suite of policies and programs for mitigation and adaptation, including a strong link to its role in aligning broader financial flows, and is creating a global community of climate investors and experts through its Accredited Entity function. 	<p>Noted. In order to achieve a streamlined USP-2 draft, the Secretariat has not been able to include case studies, examples or extracts of lessons learned in DRF.01. However the communications team is working on a range of other products designed to communicate in digestible terms (i) the GCF's organizational journey and results to date and (ii) showcase project examples. These will be available over the first half of 2023 to tell the GCF story to external decision-makers.</p> <p>The Secretariat can also update the introduction to bring forward brief content on how GCF has matured and improved as an organization (this also covered in paragraphs 24 and 25).</p>
Proposal - analysis required	Strategic objectives	NA	Feasibility & trade-offs	Canada	The strategy could also more clearly identify some of the trade-offs that are a necessary function of project prioritization. The current strategy risks being "everything for everyone"	Noted, the Secretariat is aiming to develop further analysis on resourcing, feasibility and trade-offs to inform the March 1 workshop
Proposal - language amendment	Institutional & operational	24	Complementarity & coherence	Canada	While we welcome the focus on harmonization with other climate funds as is outlined in the operational goals, the strategy could also more clearly show the GCF's integration within the broader climate finance ecosystem, including with other UNFCCC constituted bodies. This is also stressed in the Guidance from the UNFCCC COP.	Paragraph 11 seeks to describe in broad terms how GCF sees itself in the wider climate finance ecosystem and how it plans to collaborate with partners. The strategic programming objectives also identify specific partnerships, including with UNFCCC constituted bodies, where these are key to delivery of the stated objectives. The Secretariat can insert a general reference to cooperation with the UNFCCC constituted bodies in para 11; we are also happy to receive your proposal if there are specific bodies which should be highlighted under specific objectives/paragraphs of the USP-2.
Proposal - language amendment	Cross-cutting	NA	Climate & Nature	Canada	<p>Integration: Programming for Climate and Nature</p> <ul style="list-style-type: none"> • The Resource Mobilization Annex in the Kunming-Montreal Global Biodiversity Framework notes with appreciation the programmatic initiatives of the GCF and other funds to "harness synergies in project development and financing for the purpose of the objectives of the Rio conventions and global biodiversity-related Conventions and agreements." • It is suggested that the Secretariat integrate stronger references to this text within the USP-2 to ensure the GCF can help to deliver on the decisions taken by the Parties. • As many donors currently operate in a resource-deficit, the USP-2 can act as a business case for how the organization is already delivering better value for dollar, by addressing the climate and nature nexus through its ecosystems and ecosystem services focus area. 	<p>The Secretariat notes that different views have been presented on the appropriateness of the USP explicitly referencing the CBD/Kunming-Montreal Framework as a formal reference point for GCF strategy, given the GCF's primary relationship to the UNFCCC.</p> <p>Subject to further guidance from the CC/Board, Secretariat will aim to strengthen the language on synergies in project development and financing for climate/biodiversity/ nature in a revised draft, also taking note of the language agreed in the Sharm el Sheikh Implementation Plan.</p>
Proposal - Sticky issue	Vision	9 20	Updating NDCs; Ambition	China	<ol style="list-style-type: none"> 1) In paragraph 9, please delete "2050" in the sentence "in line with 2050 pathways to meet UNFCCC and Paris Agreement goals". 2) In paragraph 9, please replace "update" with "communicate" in the sentence "update their NDCs, ACs, NAPs and other plans", so as to be in accordance with related COP decisions. 3) In paragraph 20, please replace "there is a need to attract financing from the widest possible set of sources, using scarce public finance catalytically to shift trillions in private sector flows" with "there is a need to attract financing from a wide variety of sources, using public finance catalytically to shift trillions in private sector flows". 	<p>To be further discussed by the Board, as different views have been expressed on (i) how concretely the GCF should state its ambitions in relation to 2050 and (ii) whether the USP should more explicitly signal encouragement for an increase in the ambition of NDCs and GCF support for NDC updates, or maintain a focus on supporting the NDCs as communicated by developing countries.</p> <p>The Secretariat will endeavour to accommodate non-contentious language changes in a revised draft.</p>

Question / technical clarification	Mid-term goals	12	Just transition	China	Regarding “just transitions” , we hope that GCF should follow the COP decisions on just transition and further clarify how GCF select related areas for just transition. We hope the GCF could enhance the communication and coordination with developing countries, fully take into accounts the needs of developing countries towards green development, and step up its efforts to support developing countries on adaptation.	Noted. The Secretariat recognizes that there are different characterizations of the system transition/climate action pathways needed to secure low-emissions climate resilient development (eg IPCC, Marrakech partnership climate action pathways, etc). For simplicity, the Secretariat has used four transition areas, which cluster some climate action pathways together (eg energy, transport and industry are clustered under 'energy' as they all cover energy end uses). The Secretariat takes note of the Sharm el Sheikh Implementation Plan guidance on pathways to just transition and that there will be ongoing dialogue in the UNFCCC on this subject, hence the GCF should stay in sync with COP discussions.
Comment - no action required	Introduction	NA	GI/UNFCCC/PA/COP	China	We hope that the Strategic Plan could reflect that climate finance is the important foundation to maintain mutual trust in the climate multilateral process and achieve the goals of the UNFCCC and its Paris Agreement. GCF shall fully implement the principles of the UNFCCC and its Paris Agreement and GCF's governing instruments, follow the principle of equity, common but differentiated responsibilities and respective capabilities. Developed countries should fulfill their obligations to provide developing countries with adequate, predictable, sustainable financial support that could support climate actions in developing countries. The GCF shall maintain public finance from developed countries as the primary financing channel, and on this basis mobilize private finance in addressing climate change.	Noted
Question / technical clarification	Mid-term goals	12	Climate investment capacity	China	When it comes to mid-term goals, we hope that the GCF could take into account the national conditions of developing countries, GCF's financial and institutional capacity, on which basis formulate reasonable and practical mid-term goals, so as to avoid forcibly putting additional burden on developing countries. We would like to know how would GCF support developing countries to achieve the goal that by 2027 every developing country will have the essential capacities to formulate climate-evidence informed, country-owned climate investment plan and pipeline of climate investments.	Noted, the Secretariat has endeavoured to set out the basis for identifying proposed mid-term goals and targets in Annex I, following the Board's guidance from B.34. In relation to the proposed goal on climate investment planning, this would be supported principally through the Readiness and Preparatory Support Programme, where countries would be able to access support to strengthen national institutional capacities, prepare climate risk & vulnerability studies and other analysis needed to inform investment planning, and engage in an investment planning process to help structure potential pipelines of climate investments drawing on a wide range of financial sources including GCF.
Proposal - language amendment	Introduction	3	Vision	China (additional submission)	Paragraph 3, it is suggested that the first sentence, “Climate hazards, the Covid-19 pandemic and the war in Ukraine are all contributing to rising developing country debt”, be replaced by “Since the outbreak of Covid-19, developing countries have been affected by major economies' monetary policy adjustment and spill-over factors. As a result, the pressure of debt repayment has increased sharply, and climate hazards may exacerbate debt risks exposure. ” Reason for adjustment: The root cause of developing countries’ debt problem is complex. It is affected by both short-term factors such as Covid-19, the Russia-Ukraine conflict, and the tightening monetary environment and long-term factors such as a single economic structure, developing countries’ debt management capacity, etc.	Noted. The Secretariat will reflect on various language amendments proposed by Board members and endeavour to capture revisions in the next draft.
Question / technical clarification	Strategic objectives	19 f)	Debt financing	China (additional submission)	In Paragraph 19, (f) “Exploring potential to deploy GCF financial instruments...,”it is suggested that the “debt relief mechanism”be replaced by “strengthening management of debt financing. ” Reason for adjustment: The debt relief mechanism is neither GCF's mandate nor GCF's authorized financial instrument.	In this context, 'debt relief mechanism' typically refers to FPs through which a country may restructure its debt at a lower interest rate or longer maturity, with the proceeds being allocated to green projects. The GCF does not want to suggest that it is involved in the sovereign debt decisions/debt management of developing countries, but can attempt to make clearer that this refers to debt restructuring that could be effected through the mechanism of funding proposals.
Proposal - Sticky issue	Vision	9	Vision; Ambition	DeNeLux	The seat considers the long-term vision to be too weak on stressing the importance and urgency of ambitious, transformative climate action with reference to 1.5°C. 2030 is a critical decade and this USP will be instrumental in keeping us on the path to keep within this temperature limit	To be further discussed by Board, as different views have been presented on whether to express stronger ambition than DRF.01 or reflect agreed COP/UNFCCC/GI language

Question / technical clarification	Institutional & operational	24	Translation	DeNeLux	The USP draft avoids one serious obstacle to access: language. Many developing nations, especially in Africa and Latin America, cannot meaningfully join in GCF's future strategy discussions, because the very documents in which those strategies are laid-out are hard to access for them. It is therefore desirable that the current and subsequent USP drafts be made available in French and Spanish. Without wishing to open a box of Pandora the introduction of French and/or Spanish project proposals might also be considered.	As directed by the current USP, the Secretariat has been expanding the number of operational documents translated into 5 UN language (eg the current Strategic Plan, as well as all major GCF policies are now translated and available on the GCF website). It has also been expanding its capacity to operate in other languages through recruitment of staff with relevant language skills and technology applications such as AI translation for webinars. Translation does however have a material resourcing impact, and present budget does not allow for translation of drafts, only final documents. Should the Board desire GCF to operate more extensively in multiple languages, this would require consideration and corresponding resourcing adjustments in the context of the work programming/budgeting process.
Proposal - Sticky issue	Institutional & operational	24	SAP; Delegated authority; Differentiated approach	DeNeLux	Further updates to the SAP are needed in this regard, e.g., delegation of authority. The USP needs to be more ambitious in this regard and needs to move away from the current approach and practice of one-size-fits-all FP approval process.	The Secretariat notes that the update to the SAP was recently concluded by the Board, however there remained divergent views on the matter of delegation of authority and whether it was appropriate to modify GCF policy requirements for SAP proposals. Bringing these issue back into the USP will be a matter for further discussion for the Board.
Question / technical clarification	Mid-term goals	NA	Results measurement	DeNeLux	Would the USP DRF.01 (if adopted in its current form) imply changes to the IRMF, or to the (draft) IRMF Handbook, or to the current list of result areas/result indicators? If so, which ones? Will the (draft) IRMF Handbook be tabled for adoption at B.35? If not, why not?	Adoption of some USP DRF.01 goals would require additional reporting and tracking beyond the current list of iRMF indicators. A number of the proposed goals would require reporting of the number of countries reached, and this could easily be done from reported data. The reason for measuring the number of countries reached is that it would allow simpler and clearer aggregation across goal areas which may cover a variety of different kinds of interventions/results indicators (eg energy, locally led action). Other goals (eg incubators & accelerators, MSMEs, green finance initiatives) would require additional FP tagging, which is already to an extent being done for other reporting purposes (eg COP reports, contributor requests etc). The iRMF would still apply as adopted to report the overall results of the GCF portfolio. The tabling of the IRMF handbook for adoption is a matter for CC consideration in determining the Board workplan and meeting agendas for 2023. From the Secretariat's perspective, the handbook is ready for consideration.
Proposal - Sticky issue	Institutional & operational	25	Regional presence	DeNeLux	The seat would also welcome a regional GCF presence to accelerate decentralization and build up capacity regionally.	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization/regional presence, or await the results of feasibility analysis.
Proposal - Sticky issue	Strategic objectives	NA	Private Sector; Innovation Diversification of Instruments; Objective 2	DeNeLux	While the focus on innovation, emerging technologies and de-risking is positive, private sector engagement could feature more prominently. Diversification of financial instruments is important, especially to crowd in private investment for financing climate solutions in developing countries. That is why the specific mention of developing blended finance instruments, as well as using new financial instruments and exploring the potential to use these instruments in novel ways to address certain vulnerabilities in developing countries is appreciated. The private sector needs to be involved more and become a fundamental part of the GCF.	To be further discussed by Board, as divergent views have been presented on the extent to which the draft should emphasize innovation and private sector engagement, and whether this should be increased or reduced.
Proposal - Sticky issue	Strategic objectives	NA	Private sector	DeNeLux	This is also relevant in regards to private sector engagement as the SAP-procedures were introduced to allow for a quicker approval process. The objectives of the GCF cannot be reached if the GCF does not seek more private sector involvement and if it does not facilitate private sector cooperation. The GCF needs to set out clearer ambitions in terms of its cooperation with the private sector, both for funding and for project proposals.	To be further discussed by Board, as divergent views have been presented on the extent to which the draft should emphasize private sector engagement. The Secretariat notes that the Private Sector Strategy was intended to set out more specific details on how the GCF intended to cooperate with the private sector.

Proposal - Sticky issue	Institutional & operational	NA	Prioritization	DeNeLux	<p>On project pipeline prioritization, the draft should clearly state how the GCF can prioritize maximum impact in prioritizing funding proposals and in this clearly state the trade-offs and tensions between different objectives.</p> <p>o As the climate crisis is felt more and more acutely everywhere in the world, and as the GCF reaches maturity with a project pipeline that exceeds the available resources, the fund has the potential luxury to 'choose' the best projects. Therefore, in our view, GCF needs a fundamental discussion about where its money has the highest added value. Should projects that have the highest potential to contribute to "the paradigm shift towards low-emission and climate-resilient development pathways" take precedence over proposals whose potential in this regard is less obvious? Currently proposals received by the Secretariat are studied in a first-come-first-serve order (i.e. chronologically). Same with ITAP, isn't it? Would there be any justification not to prioritize proposals with the highest impact?</p> <p>o Following the question above, it is also highlighted that the catalytic impact of the GCF is indeed a strong property of GCF projects. In the event that these projects would – we assume – largely be mitigation activities, we would stress that prioritizing the most vulnerable and ensuring a high threshold of adaptation would remain a high priority for the seat, all while keeping the balance between adaptation and mitigation projects.</p>	<p>The matter of project prioritization is a key issue for further discussion by the Board. In GCF-1 the Secretariat substantially evolved the GCF's pipeline management and review procedures: this was necessary respond to the many tradeoffs inherent in managing GCF-1 portfolio targets within resources available. Because GCF pipeline is much larger than available commitment authority (and will be for the foreseeable future), pipeline is already actively managed based on: (i) the GCF's financial plan and projections of available commitment authority; (ii) the Board's overall portfolio targets, which in GCF-1 have been the IF allocation targets set out by Decision B.27/06, guiding the GCF toward more DAE/PSF/ adaptation projects; (iii) early reviews of the 'fit' of CNs/FPs with the GCF IF criteria (including country ownership, impact & paradigm shift potential, etc.) by an internal Climate Investment Committee, which provides feedback to AEs to ensure only promising project concepts progress to later stages of review & approval; and (iv) available Secretariat expertise and review capacity.</p> <p>The proposal captured in DRF.01 is to shift the GCF's overall portfolio targets toward more climate-results oriented goals and programming objectives. Should the Board agree such goals, they would become a key input to pipeline management, guiding GCF programming and Secretariat engagement with AEs toward FPs that help meet the targeted results. In some areas, the Secretariat may need to work with AEs to generate new pipeline to help deliver targeted results, while in other cases (e.g. energy sector), the GCF may need to focus on selecting only the 'best-fit' proposals. Prioritization will be critical to ensure efficient use of Secretariat expertise and capacity to direct programming toward USP-2 targets.</p> <p>The Board may consider whether it wishes to continue with the current approach to pipeline management, or establish additional prioritization criteria. The Secretariat notes that different Board members have expressed different views as to what such prioritization criteria might be (e.g. impact potential, targeted sector, targeted geography, first come, particularly vulnerable country, country that has not accessed GCF etc). The Secretariat stands ready to offer feedback on the</p>
Proposal - Sticky issue	Mid-term goals	12	Mid-term goals; Allocations	DeNeLux	<p>The DRF-1 contains very few quantitative objectives for 2027. We agree that such objectives will depend on the size of the replenishment and on the nature of proposals received. But an effort could be made to be a bit more 'precise' in describing our goals.</p> <p>It is recalled that the GEF in 2022 worked with various replenishment scenarios (small, medium, large) with quantitative objectives for each scenario. Why can't the GCF do that? Why is there, in DRF.01, e.g., no target for private sector co-financing or for the share of adaptation activities that should be locally led, etc.?</p>	<p>See response to AGN on mid-term goals and resourcing scenarios (row 8)</p> <p>The Secretariat intentionally refrained from including allocation parameters or co-financing/mobilization goals in DRF.01 so as not to mix these up with the more climate-results oriented mid-term goals set out in Section III. In tandem with its consideration of the USP-2, the Board may wish to also update the Investment Framework allocation parameters in a way that aligns with the GCF's updated programming strategy.</p>
Proposal - analysis required	Mid-term goals	12	Mid-term goals	DeNeLux	<p>On 2030-2035 mid-term goals: We would encourage further elaborating how these are translated and related to the other mid-term goals (by 2027).</p>	<p>See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal.</p>
Proposal - Sticky issue	Mid-term goals	12	Mid term goals; Ambition	DeNeLux	<p>The goals go in the right direction but could be further strengthened, especially in terms of transformative, high-impact ambition and a clear focus on keeping 1.5°C alive. The seat would further support adding a sixth mid-term goal on decarbonization with reference to the 2020's being the critical decade.</p>	<p>To be further discussed by Board, as different views have been presented on how strongly the GCF should express ambition with respect to 1.5/ decarbonization vs reflecting agreed COP/UNFCCC/CI language.</p>
Proposal - Guidance needed	Strategic objectives	NA	Loss and damage	DeNeLux	<p>The objective of most adaptation projects is to increase resilience and to prevent climate damage. As such, adaptation action and loss and damage action can be seen in a continuum, which makes it likely that certain adaptation projects may in the future be eligible for financing from the new L&D Fund. Did GCF, in its strategy for 2024-2027, consider to anticipate on the appearance of the L&D Fund in the climate finance landscape during GCF-II? If not, why not?</p> <p>Although the seat stresses that it strongly supports this specific action as a mid-term goal, the draft is lacking a standing on what types of actions to 'avert, minimize and address' loss and damage might be undertaken by the GCF and thereby which types of actions are not within the scope of the GCF.</p>	<p>Approach to treating matters related to loss & damage, particularly with reference to a new loss and damage fund, is pending guidance from the Co Chairs/Board, as this matter was only recently agreed by the COP. Per current COP decisions, GCF has funded and continues to provide financial resources for activities relevant to averting, minimizing and addressing loss and damage in developing country Parties consistent with the existing investment, results framework and funding windows and structures.</p>

Question / technical clarification	Annex	NA	Lessons learned	DeNeLux	In regards to the Drf-1 annex, it is considered to be quite weak and could benefit more from lessons-learned.	Noted. The Secretariat has endeavoured to take account of best available information in preparing Annex I, but given that this is a novel exercise for GCF, we understand there is ongoing room for improvement. Based on research to date, there is variable amount of information available to support the analysis of different programming goals, from both GCF's own data and globally available data. In some cases there are global data gaps. In the case of GCF's own portfolio data, the availability of track record results and lessons learned is linked to GCF's programming maturity. Some goals build significantly on existing portfolio (i.e. support for smallholders) and others set more ambitious programming directions based on incipient portfolio (i.e. incubators and accelerators). The analysis will become more textured as GCF's portfolio matures and we gain more reporting on actual results.
Proposal - Sticky issue	Mid-term goals	12	Greening finance	DeNeLux	Important mid-term goal on greening financial system. It could be further elaborated with a sub-goal on enabling environments, green taxonomies and policies etc.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to green taxonomies, policies
Proposal - analysis required	Institutional & operational	24	Direct Access	DeNeLux	On DAEs, the issue of capacity continues to be a challenge. It is important to find ways to further strengthen opportunities for IAEs to cooperate with DAEs to limit this capacity constraint.	The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Clarifying the GCF's vision for Direct Access would help guide the future evolution of modalities for DAE support. The Secretariat recognized the significant capacity development needed for DAEs to effectively engage in programming with the Fund. This is already taken up in the Accreditation Strategy, and modalities to support Direct Access will be further elaborated under a revised Readiness Strategy. IAE cooperation with DAEs is one additional way to support DAE capacity, however experience suggests this is can be constrained by the strategic/operational imperatives of IAEs themselves (i.e. where this is not a natural part of their programming processes); further engagement with IAEs and DAEs may be useful to help better understand challenges and opportunities in this regard. See further response to AGN on Direct Access (row 11)
Proposal - language amendment	Cross-cutting	11	Comparative advantage; Lessons learned	DeNeLux	The Drf-1 has clearly incorporated a stronger narrative for the GCF but the GCF long-term vision could be even more politically attractive by very clearly spelling out the comparative advantage and added value of the GCF. In this respect, the draft should include lessons-learned including from the Second Performance Review.	Noted. DRF.01 has been informed by the initial findings of the Second Performance Review as available to date and will continue to be informed by the Board's consideration of the final findings and recommendations. In order to keep DRF.01 streamlined, the Strategic Plan focuses on forward-looking programming directions and operational actions; a fuller narrative on lessons learned and comparative advantage was included as part of the Review of the 2020-2023 Strategic Plan published at B.34 (GCF/B.34/INF.17), and will also be reflected in the management response to the SPR to be prepared for B.35. The Secretariat can attempt to make surgical language on comparative advantage in a revised draft.
Proposal - language amendment	Strategic objectives	NA	Climate & Nature; Locally-led adaptation	DeNeLux	On locally-led adaptation, we strongly support the specific focus on targets in the strategic objectives and the use of more devolved finance to increase resilience of the most vulnerable groups. We would, however, like to see as part of the strategic objectives, specific reference to the increased use of nature-based solutions, which is not included in the current version. Nature-based solutions are important tools to address, e.g. adaptation, mitigation, biodiversity and poverty.	See response to Canada (row 26)
Proposal - analysis required	Cross-cutting	NA	Allocations; Most vulnerable	DeNeLux	On climate resilience, a more ambitious target on prioritizing the most vulnerable is critical and we would like to see the floor of adaptation funding going towards the most vulnerable countries be raised and exceeding actual IRM performance of 69 percent allocated to LDC, SIDS and African states.	Noted. The Secretariat intentionally refrained from including the allocation parameters in DRF.01 so as not to mix these up with the more climate-results oriented mid-term goals set out in Section III. In tandem with its consideration of the USP-2, the Board may wish to also update the Investment Framework allocation parameters in a way that aligns with the GCF's updated programming strategy. The Secretariat will also elaborate analysis on the implications of any updated mid-term goals on the current allocation parameters, to inform feasibility and trade-off analysis.
Comment - no action required	Strategic objectives	NA	Adaptation	DeNeLux	The strengthened focus on resilience/adaptation support, including for SIDS and LDCs, as well as increased Readiness and Preparatory Support among the key priorities of the draft is welcomed.	Noted.

Proposal - Guidance needed	Institutional & operational	NA	Accreditation	DeNeLux	The need for an Accreditation Strategy with strategic directions/priorities for accreditation should be emphasized in DRF.01. And this must be accomplished soon, preferably in 2023/24.	The Secretariat notes that the Accreditation Strategy remains on the Board workplan, to take up outstanding matters from B.34. Rather than introduce the same issues to the USP, the intent was that DRF.01 and subsequent drafts of the USP would clarify the GCF's <i>programming</i> goals, objectives and targeted results. Having a clearer strategy for GCF programming would in turn help better inform further consideration of how the AE network might need to evolve to support the agreed programming directions.
Proposal - language amendment	Institutional & operational	24	Access (differentiation)	DeNeLux	Good to note that enhancing access is a core operational objective for GCF, but the draft could further increase ambition with regards to transparency and predictability of project/accreditation procedures as well as give consideration to differentiate approaches to support those with least capacity – especially SIDS and LDCs – to access funding.	Noted. The Secretariat can further emphasise commitment to improving transparency and predictability of project and accreditation processes, and emphasizing consideration of differentiated approaches for countries with least capacity, in a revised draft.
Comment - no action required	Cross-cutting	NA	Resourcing	Finland, Hungary, Liechtenstein, Monaco, Switzerland	We reiterate that achieving a high financial scenario requires a clear profile, and mobilization of new donors from emerging markets.	Noted - this is a matter related to the GCF Replenishment process.
Proposal - Sticky issue	Strategic objectives	NA	Prioritization	Finland, Hungary, Liechtenstein, Monaco, Switzerland	USP2 should clarify how the many areas for “pipeline programming” will be reconciled and handled transparently, and how accreditation proposals will be prioritized, when abandoning the current first-come first-served selection.	See response to Den/Ne/Lux on Prioritization (row 47) See response to Den/Ne/Lux on Accreditation (row 53)
Proposal - Sticky issue	Strategic objectives	12	Prioritization	Finland, Hungary, Liechtenstein, Monaco, Switzerland	<p>We call for an increased engagement under USP2 for mountain areas, which are disproportionately affected by climate change. The pace of temperature rise in mountain areas is twice the global average. Compounding hazards and cascading impacts of floods, droughts, wildfires, landslides and rockfall put livelihoods, infrastructure and productive systems at risk. At the same time, downstream areas often depend on services provided by mountain ecosystems such as sustainable water and energy provision.</p> <p>Likewise, we call for heightened consideration of coastal and marine areas in programming GCF 2 resources. Like the cryosphere, although it provides life-supporting and climate-regulating services, the Ocean shows particular vulnerability to climate change, as highlighted in the IPCC Special Report on the Ocean and Cryosphere in a changing climate and AR6. At the same time, the Ocean provides extensive opportunities for high-impact nature-based solutions, in support of both mitigation and adaptation goals.</p>	<p>Responding to Board guidance to keep the Strategic Plan draft streamlined, the Secretariat has not elaborated on specific geographic or sectoral programming areas in DRF.01. Programming opportunities are covered in more detail in related sector guides.</p> <p>More generally, further Board discussion is required on issues of how the GCF should focus its programming going forward, including whether specific signalling or prioritization with respect to certain sectors or geographies should be adopted.</p> <p>The Secretariat notes that the mid-term goals, with associated resourcing scenarios, will if adopted by the Board provide a key lens for directing GCF pipeline management (see response to AGN on mid-term goals - row 7; and to Den/Ne/Lux on prioritization - row 47). The Board would need to discuss if it wishes to adopt additional prioritization criteria or lens beyond this goal-setting exercise. Because all goals will ultimately need to be serviced out of the same pool of funding, it is important that the Board consider programming goals/directions holistically, and examine potential trade-offs .</p>
Proposal - analysis required	Mid-term goals	12	Mid-term goals; Resourcing	Finland, Hungary, Liechtenstein, Monaco, Switzerland	We commend the Secretariat for many improvements in the draft USP2, but consider its results architecture as too complex, and not all goals commensurate: USP2 must focus on what can be achieved in the GCF2 implementation period with GCF2 funding. Quantified mid-term goals 2030/35 are not needed at this stage, as the IRMF/RRMF already define indicators that provide longer-term result-orientation, serving thus as basis for GCF2 results management. The GCF should increasingly report on actual rather than projected results. Accordingly, USP2 must set quantified 2027 targets incl. measurable impact/efficiency metrics that prioritize high-impact projects, alongside climate capacity building. We encourage to set 2024-27 targets based on three financial scenarios for GCF2. An annex to USP2 could specify a low; base; and high scenario. Scenarios will guide prioritization in case of a limited funds, assuming not all objectives would move linear.	<p>See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal and resourcing scenarios</p> <p>The point around minimizing the complexity of the results architecture is well noted. The Secretariat notes that the iRMF only classifies the types of results GCF will seek to measure and does not establish results targets per se. Reporting on actual results will increase as the portfolio under implementation matures.</p> <p>Agreed that the determination of mid-term goals and strategic programming objectives would selectively shape the GCF's programming - i.e. each goal/objective would need to be 'backed' by appropriate resourcing, and the Fund would need to work with its partners to actively source FPs that help meet those goals/objectives. Accordingly the choice of mid term goals/strategic programming objectives by the Board will be significant in determining where GCF will/will not focus its financing. As noted in response to De/Ne/Lux above (row 46), the Board may also wish to consider whether it adopts prioritization criteria in addition to setting mid-term goals/strategic objectives and an associated resourcing strategy.</p>

Proposal - analysis required	Mid-term goals	12	Mid-term goals (mitigation); Ambition	Finland, Hungary, Liechtenstein, Monaco, Switzerland	Increasing adaptation action should not come at the expense of mitigation efforts – USP2 should establish more concrete and equally ambitious mitigation targets. Decarbonization should be better reflected in the 2024-27 objectives and narrative, as this decade is critical to keep the 1.5C° limit in reach. GCF investments in clean energy are also important for vulnerable countries and groups. With rightly targeted mitigation support, the GCF can significantly contribute to provide access to electricity for the well over 700 million people currently lacking it, and to reduce emissions in middle-income countries.	<p>The refinement of the mid-term goals is a key issue for further discussion by the Board. See response to AGN on mid-term goals (row 8). Within this, the Board will need to consider the relative weight given to energy programming, vs other results areas. As noted above, the Secretariat is preparing a revised proposal for Board consideration, and is happy to support with further analysis to support consideration of mitigation goals.</p> <p>The matter of how strongly to state the GCF's ambitions with respect to decarbonization will need to be further discussed by Board, as different views have been presented on whether to express stronger ambition than DRF.01 or reflect agreed COP/UNFCCC/GI language.</p>
Proposal - Guidance needed	Mid-term goals	NA	Loss and damage	Finland, Hungary, Liechtenstein, Monaco, Switzerland	This (scenarios) could also trigger a much-needed discussion on the GCF's selectivity: What in the broad field of climate finance will the Fund not finance? E.g. the UNFCCC decided new loss&damages fund may be better equipped for climate-related disaster response.	See response to Den/Ne/Lux (row 43)
Proposal - Sticky issue	Mid-term goals	12	Greening finance	Finland, Hungary, Liechtenstein, Monaco, Switzerland	For delivering on paradigm shift and private sector mobilization, USP2 must set more ambitious targets regarding enabling environments, policy and regulatory frameworks. In addition to set up new green banks and facilities, GCF can make a contribution by greening existing ones, starting with its network of partners. It should support them both in financing green projects and in aligning their broader portfolio with the Paris agreement.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, enabling environments, and portfolio alignment with the PA.
Proposal - analysis required	Institutional & operational	25	Governance	Finland, Hungary, Liechtenstein, Monaco, Switzerland	The recommendations of the Second Performance Review, including lessons learned from GCF1, should stronger influence USP2. In particular, recommendations on governance, efficiency of processes, and accreditation should be reflected under operational and institutional priorities. The fact that project and accreditation processes are "still widely perceived as bureaucratic, lengthy, inconsistent and non-transparent" should be better addressed with higher transparency, risk management and efficiency ambition and targets. USP2 must provide for robust administrative cost control. In the same vein, GCF procedures must be made more private sector compatible - shorter and predictable. The risk management system and accountability must be made fit for the world's largest climate fund with its increasingly diverse portfolio	<p>DRF.01 has been informed by the findings of the Second Performance Review as available to date and will continue to be informed by the Board's consideration of the final findings and recommendations. In DRF.01 Secretariat responded to guidance from the Board to keep the draft streamlined, concise and at a strategic level. The Secretariat will also develop a management response to the SPR which will respond to the IEU's findings and recommendations in more detail.</p> <p>In relation to specific points on the institutional and operational priorities:</p> <ul style="list-style-type: none"> - Recommendations related to governance are to be further discussed by the Board, as divergent views have been expressed on these matters. - The Secretariat has attempted to capture an ambition for improved process transparency, predictability and speed in the operational priority on access. Clarifying the Fund's overall programming strategy in this update to the USP would be a key measure contributing to this outcome, as it would allow programming and operational processes to be optimized in line with the overall strategic vision. One factor for the Board to be aware of is that there may be trade offs between speed/efficiency, and other Fund objectives - eg if the Fund wants to enhance programming through DAEs, particularly first time DAEs, this may result in slower rather than speedier FP processes, as there is generally a higher learning curve the first time an entity works through GCF processes. - Whether or not GCF procedures can be made more private-sector compatible is a matter for further discussion by the Board, as this would likely entail more significant changes to the GCF business model and policy settings. - Several accreditation efficiency measures are now being implemented following adoption of the UAF in B.31, but it may take some time to see the effects of these. Further prioritization and efficiency matters remain under discussion by the Board in the context of the Accreditation Strategy. - Administrative cost controls will be further discussed in the context of the Board workplan item on updating the GCF budgeting framework - The Secretariat in in the process of reviewing the Risk Management Framework to strengthen operational-level risk assessments and controls: Any required policy

Proposal - Guidance needed	Cross-cutting	NA	Gender; Fragility & Conflict	Finland, Hungary, Liechtenstein, Monaco, Switzerland	We fully support the focus on gender and vulnerable countries and communities, integrating such groups and women as active agents of change. Many of the world's most vulnerable are affected by conflict and fragility. They have received little support by the GCF. USP2 should clearly underline the GCF's resolve to work in such areas and, to reach results and avoid doing harm, apply strong conflict-sensitive project management. In relation to gender, we suggest a higher level of ambition with concrete indicators.	Well noted. The GCF Gender Policy currently requires gender assessments and action plans for all FPs. In relation to the use of gender indicators, the IRMF already requires reporting of sex-disaggregated data. Should the Board additionally wish to consider gender-related programming targets, it would also need to consider how this might affect other programming targets and trade-offs. GCF sustainability policies currently encourage conflict-sensitive project management throughout project implementation. The GCF has not adopted a strategic policy stance on pursuing interventions in conflict-prone or fragile areas. While the vulnerability of populations in these areas cannot be doubted, specifically targeting GCF programming to these areas would have implications for GCF operations in terms of risk, partner capabilities to work in conflict-prone or fragile areas, and results/likelihood of project success. This is an area that merits further discussion by the Board.
Proposal - language amendment	Strategic objectives	11 15	Complementarity & coherence; Country ownership	Finland, Hungary, Liechtenstein, Monaco, Switzerland	We second the vision of a partnership-based organization that collaborates with qualified entities, scales up promising innovations and seeks to harmonize processes. Complementarity – the GCF's niche in climate finance architecture - and cooperation with other climate finance providers - in particular MDBs and climate funds - should be better articulated under USP2, avoiding duplication and fragmentation and supporting true country ownership, which is dynamic, multi-stakeholder and embracing partnerships with private sector and CSOs. Such an inclusive concept of country ownership is lacking in the current draft USP.	Paragraph 11 seeks to describe in broad terms how GCF sees itself in the wider climate finance ecosystem and how it plans to collaborate with partners. The strategic programming objectives also identify specific partnerships where these are key to delivery of the stated objectives. We are happy to receive your proposal if there are specific additional partnerships that should be highlighted. Paragraph 15(g) refers to the importance of updating country ownership guidelines, which intended to capture the inclusive dimensions you describe. The Secretariat will endeavour to strengthen the language on these points in a revised draft.
Proposal - language amendment	Institutional & operational	25	Communications & Outreach	Finland, Hungary, Liechtenstein, Monaco, Switzerland	Finally, we invite the USP2 to be more outspoken on communication and information sharing. The outreach strategy mentioned in 5.2. should include systematic information sharing on actual results, as well as on changes in frameworks, policies, guidance and procedures, i.e. going beyond branding the GCF. Also, as an increasingly mature institution, the GCF might reflect on the opportunity of holding annual meetings, as is customary with most established, large multilateral organizations.	Noted. The Secretariat will endeavour to strengthen the language on communications and information sharing in a revised draft. Responding to Board guidance to keep DRF.01 streamlined, the Secretariat has not included specific implementation actions for institutional priorities such as holding annual meetings, this could be taken up through annual work planning.
Question / technical clarification	Institutional & operational	24	Translation	France	In the same perspective, improved access of the vulnerable countries to the GCF will not happen as long as multilingualism has not become the norm, both (i) in the working meetings of the Board (including its strategic documents) and (ii) during project design and implementation in order to have inclusive discussions with all countries, and especially French-speaking African countries and developing states in South America. Language barrier must be addressed in a more direct and effective way. In that view, we request the Secretariat to translate the USP draft versions to come, in order to engage more with these countries during this crucial phase of definition of strategic priorities for the years to come	As directed by the current USP, the Secretariat has been expanding the number of operational documents translated into 5 UN language (eg the current Strategic Plan, as well as all major GCF policies are now translated and available on the GCF website). It has also been expanding its capacity to operate in other languages through recruitment of staff with relevant language skills and technology applications such as AI translation for webinars. Translation does however have a material resourcing impact, and present budget does not allow for translation of drafts, only final documents. Should the Board desire GCF to operate more extensively in multiple languages, this would require consideration and corresponding resourcing adjustments in the context of the work programming/budgeting process.
Proposal - language amendment	Strategic objectives	20	Systems transition	France	The title of objective 4 (coalition for systems transitions) could be clarified to better highlight the implementation of long-term cooperation/integration/mainstreaming with other sectors, beyond the "coalition" approach which is more ad-hoc.	Noted. Secretariat recognizes that achieving system transitions is indeed a long-term endeavor and the intent behind the wording was to encompass both ad-hoc and longer-term partnership collaborations and coalitions, reflecting GCF's partnership business model. Secretariat can make language edits to clarify in a revised draft.
Comment - no action required	Vision	NA	Structure	France	The text is clear and well-constructed with a real effort to elaborate a structuring vision for the GCF	Noted.
Proposal - Sticky issue	Institutional & operational	25	Regional presence	France	"Enhancing access" is indeed a key organizational priority, and it could be strengthened by putting forward decentralization action plans and strategies. The regional presence of the fund is a crucial issue of accessibility and direct impact of financial flows;	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization/regional presence, or await the results of feasibility analysis.
Proposal - Sticky issue	Strategic objectives	NA	Prioritization	France	The prioritization strategy for the projects' pipeline should be included in the document (e.g., priority sectors, target geographies (especially a strategy on targeting vulnerable countries), project type...). The Secretariat needs more delegated authority to prioritize FPs according to impact. Also, prioritization relies on better coherence and harmony between policies.	See response to Den/Ne/Lux on Prioritization (row 47)

Proposal - analysis required	Mid-term goals	12	Mid-term goals; Resourcing	France	<p>The articulation between USP-2 and GCF-2 does not appear clearly enough, if at all. Mixing 2027 goals with 2030/35 targets that go beyond the replenishment cycle is confusing enough. Relying on a single replenishment scenario of USD 15 bn, without alternative scenario, sensitivity analysis nor discussion of the underlying assumptions, is simply not acceptable. We need at the very least 3 pledging scenarios (13bn / 15 bn / 17 bn for example) with different objectives according to the chosen financial ambition. On the basis of what is done for GEF replenishment, could the Secretariat create a table defining the targets and goals according to the amount of pledges?</p> <p>Having percentage targets for asset allocations (e.g., for adaptation projects) with differentiated scenarios depending on the outcome of the replenishment could better specify funding ambitions and priorities;</p> <p>Having global targets (e.g., all countries equipped with capacity to implement their NDCs) demonstrates an ambitious and structuring position, but might be difficult to assess in terms of the GCF's concrete impact. It could be accompanied by dedicated and systematic impact measurement (e.g., avoided CO2 emissions).</p> <p>In general, clarifications on the role of the Green Fund in the achievement of the selected objectives could better highlight the direct contributions of the GCF. In other words, it would be useful to differentiate the mid-term and long-term objective between the direct outcomes of the GCF operations and the global results to which the GCF operations contribute (e.g. "every developing country will be protected by basic EWS" while the GCF is not the only structure financing deployment of EWS in developing countries – we would favor the GCF strengthening entities active in this area, such as CREWS, Climate risk and early warning systems);</p>	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal and resourcing scenarios, which can include indicative percentage 'asset allocations', as suggested, based on the strategic objectives.
Proposal - Sticky issue	Strategic objectives	22	Greening finance	France	<p>On Objective 5, we strongly support this ambition and the sub-objectives to mobilize the GCF around the alignment of financial flows (art2.1c), while clarifying mainstreaming methods, as well as the sub-objective on incentivizing AEs to evolve their overall portfolios through its re/accreditation process. The document could also mention the role and impact of platform creation and capacity building programs or the private sector strategy in achieving the objectives.</p> <p>On the objective "50 new green finance structures", it would also be necessary to specify how to strengthen cooperation between existing entities and address the financial system more generally to meet the scope of the objective.</p> <p>The document should give more tangible elements on the means and mechanisms for climate mainstreaming through the whole funding actions of the GCF</p>	<p>To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, including the GCF's role in helping financial institutions integrate risk into decision-making and GCF's approach to climate mainstreaming.</p> <p>The Secretariat notes the desire to better clarify what actions/partnerships will be necessary to implement this objective, and will endeavour to elaborate this informed by further Board discussion on the objective of greening finance.</p>
Proposal - Sticky issue	Institutional & operational	25	Governance	France	As for governance, we would like to see more ambition on expanding Between Board Meetings decisions on policy matters and delegated authority, as well as the systematic "One-Board-Approach" process for joint work across constituencies. The Secretariat's empowerment must be increased as well, by clarifying the role of each governance body : Co-chairs, Board and Secretariat and avoid any form of micromanagement.	To be further discussed by the Board, as different views have been expressed on governance matters, including delegated authority and One-Board-Approach.
Proposal - language amendment	Strategic objectives	17h	Gender; Innovation	France	On objective 2, the gender-responsiveness of innovation should be mentioned when addressing its equity aspect	Noted. Secretariat can make surgical edits to this effect in a revised draft.
Proposal - language amendment	Strategic objectives	NA	Complementarity & coherence	France	Building on this need for collaboration, the document could include the fund's positioning and objectives regarding cooperation with local development banks and multilateral banks. Public development banks and IAE could also be mentioned more.	Paragraph 11 seeks to describe in broad terms how GCF sees itself in the wider climate finance ecosystem and how it plans to collaborate with partners. The strategic programming objectives also identify specific partnerships where these are key to delivery of the stated objectives. The Secretariat can endeavour to supplement the existing content to make more specific reference to MDBs and NDBs
Proposal - Guidance needed	Institutional & operational	NA	Complementarity & coherence	France	Coherence and complementarity between funds – and not only the GEF – must be developed (joint programs? Joint meetings?). The GCF has an unique position in the climate finance architecture and must be identified not only as "one of the fund". To that end, better communication on GCF achievements, especially on the ground, is needed;	See above response on complementary and coherence (row 73). In the interests of keeping DRF.01 streamlined, the Secretariat has not elaborated implementation modalities for C&C; however the Board may wish to consider either updating the operational framework for C&C or adopting a wider partnerships strategy for GCF-2. The Secretariat notes that diverging views have been expressed on whether to reduce or expand the scope of ambition on cooperation efforts for C&C.

Proposal - Guidance needed	Cross-cutting	NA	Climate & Nature	France	<p>The position on the climate-biodiversity nexus could be strengthened, particularly in a transversal manner.</p> <ul style="list-style-type: none"> - It could highlight co-benefits and mention key biodiversity related topics (e.g., mentioning NBS - Nature-based solutions as defined by UNEA-5.2 ; mentioning ecosystem based approaches). - commitment to align the GCF portfolio with the Kunming-Montreal Global Biodiversity Framework could also be made, as well as a reporting to the Board against biodiversity and desertification Rio markers. - France does strongly support the inclusion of the "implementation of the Kunming-Montreal biodiversity framework" among the mid-term goals, but cannot adhere to the proposed wording of "just ecosystems transition", which can hardly be defined as a concept or principle. - France suggests to explicitly refer to the gist of the goal, either by mentioning the "implementation of the climate related targets of the Kunming-Montreal biodiversity framework" or the "protection and management of all ecosystems". France would like to point out that the areas targeted as a mid-term goal (3 million km²) clearly fall short of this goal. - GCF will be a key actor, among others, to support the implementation of this Global Biodiversity Framework, which highlights the link between climate change and biodiversity (in particular through its TARGET 8 - "Minimize the impact of climate change and ocean acidification on biodiversity and increase its resilience through mitigation, adaptation, and disaster risk reduction actions, including through nature-based solution and/or ecosystem-based approaches, while minimizing negative and fostering positive impacts of climate action on biodiversity"). 	<p>As noted above, the Secretariat is preparing a revised proposal on mid-term goals and will incorporate key 2030 milestones agreed under the KMGBF into this, as well as a revised target on the number of hectares covered.</p> <p>The Secretariat notes that different views have been presented on the appropriateness of the USP explicitly referencing the CBD/Kunming-Montreal Framework as a formal reference point for GCF strategy, given the GCF's primary relationship to the UNFCCC. Subject to further guidance from the CC/Board, Secretariat will aim to strengthen the language on synergies in project development and financing for climate/biodiversity/ nature in a revised draft, also taking note of the language agreed in the Sharm el Sheikh Implementation Plan.</p>
Proposal - language amendment	Strategic objectives	19a	Adaptation	France	On objective 3, paragraph §19.a refers to a collaboration with CREWS (Climate Risk and Early Warning System), which we fully support and encourage the GCF to pursue further. We would encourage that the USP mentions this cooperation.	Noted. Secretariat can make surgical edits to this effect in a revised draft.
Proposal - Sticky issue	Strategic objectives	NA	Updating NDCs; Investment capacity; Objective 1	Germany	Strengthening country Climate investment capacity/Objective 1: We welcome the focus on readiness and preparatory support. However, the objective should be further strengthened in terms of ambition: it should not only focus on implementing (often insufficient) NDCs but also on updating them. Moreover, the list of activities under objective 1 are not particularly transformative – even if all activities are implemented, climate action would still not be fully embedded within economic governance and public financial processes as required to implement the Paris Agreement.	To be further discussed by the Board, as different views have been expressed on both (i) whether the USP should more explicitly signal encouragement for an increase in the ambition of NDCs and GCF support for NDC updates, or maintain a focus on supporting the NDCs as communicated by developing countries (ii) the extent to which objective 1 should be more narrowly focused on national capacities for GCF programming, or wider financial system capacities for climate investment
Comment - no action required	Cross-cutting	NA	Structure; Greening finance; Adaptation; Access	Germany	<p>We welcome the draft in principle including the structure of the draft, which is in line with the guidance provided by the Board at B.34, and particularly welcome some key elements in the draft, including</p> <ul style="list-style-type: none"> o Focus on greening financial systems in the mid-term goals and strategic objectives. o Strengthened support for resilience/adaptation as well as increased Readiness and Preparatory Support in the mid-term goals and strategic objectives. o Improving access to GCF as the top operational priority for 2024-27. 	Noted.
Proposal - Sticky issue	Institutional & operational	25	Regional presence	Germany	We strongly welcome that improving access is identified as a core operational priority. Building on this, the draft could be further strengthened by: <ul style="list-style-type: none"> o addressing regional presence more urgently, as a key tool to facilitate access through decentralisation; 	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization, or await the results of feasibility analysis.
Question / technical clarification	Strategic objectives	NA	Private sector; adaptation	Germany	More innovative ideas on how to attract private sector for adaptation projects could be considered.	Noted. An emphasis on innovating private sector solutions for adaptation is captured more directly in Objective 2, alongside enhancing the role of private sector in coalitions for systems transitions in Objective 4. To clearly differentiate the Objectives and associated actions, the intent had been to have Objective 3 focus more on adaptation interventions that would not be revenue generating and continue to require more conventional public sector support, particularly to address urgent vulnerabilities.
Proposal - Sticky issue	Strategic objectives	NA	Prioritization	Germany	We would suggest for the USP to be more propositional on project pipeline prioritisation, specifically on how the GCF can prioritise Funding Proposals that add maximum impact. We would welcome more delegated authority provided to the Secretariat to prioritise Funding Proposals according to impact.	See response to Den/Ne/Lux on Prioritization (row 47)

Proposal - language amendment	Implementation & Review	28	Mid-term goals; Review	Germany	Review of USP-2: We would like to request assurances that at the next review of USP, the Board will have the chance to update the mid-term goals, if necessary. This is a critical aspect, as it may turn out that more transformation, more ambition and more impact is needed to achieve the Paris Agreement in line with its ambition cycle.	See response to AGN on mid-term goals (row 8). The proposal for a mechanism for the Board to measure and track GCF's contribution to mid-term goals, and amend this contribution accordingly over successive programming periods, can be incorporated in a revised draft.
Proposal - analysis required	Mid-term goals	NA	Mid-term goals; Resourcing	Germany	We note that the draft currently lacks clear baseline/investment targets for specific sectors. While we understand the aim to avoid tensions/trade-offs resulting from specific quantitative targets, certain guidelines for GCF-2 can ensure (and demonstrate to others) that GCF financing flows into priority/high-impact areas.	See responses to AGN on mid-term goals (row 8); Den/Ne/Lux on Prioritization (row 47); and France on asset allocations (row 67). DRF.01 Annex I aimed to provide a snapshot of investment needs and milestones toward global transition pathways, as well as GCF portfolio baselines as relevant to these pathways. These are structured by goal/objective/system transition rather than sector/results area, but the baseline data can also be extracted on a results area basis. The revised proposal and analysis being developed on the mid-term goals can include percentage 'asset allocations/investment targets', as suggested, based on the mid-term goals/strategic objectives. This would support further Board discussion on balancing resource allocation across different objectives, in tandem with further consideration of trade-offs.
Proposal - analysis required	Mid-term goals	12	Mid-term goals (system transitions)	Germany	Systems transitions: While we welcome this goal in principle, the scope and ambition of the goal should be further strengthened and ensured that benchmarks are compatible with keeping 1.5 within reach. In relation to energy, this includes not just electricity generation but also demand sectors including electrification. In relation to ecosystem transition, we were missing a goal to stop deforestation by 2025/2030. Forging coalitions for just systems transitions/Objective 4: We appreciate the objective in principle, particularly on building public-private investment collaborations, de-risking private sector investment at scale and risk appetite. However, the objective needs to expand its scope and strengthen its ambition with clear benchmarks in line with keeping 1.5 within reach. In relation to energy, this includes not just electricity generation where renewable energy should be a clear focus given its clear benefits for climate impact for mitigation and adaptation as well as sustainable development (access to clean affordable energy for all). Also the link to systems transformation in demand sectors through (direct and indirect) electrification should be taken on board, with benchmarks for transitions in these sectors (transport, buildings, industry). In relation to ecosystem transition, we were missing a goal to stop deforestation by 2030. It is important not to see these just as long term transitions, rather reflect the urgency of the critical decade to achieve transformational impact.	As noted above, the Secretariat will prepare a revised proposal on the mid-term goals. See response to AGN on mid-term goals and resourcing scenarios (row 8) Different views have been presented on how strongly the GCF should express ambition with respect to 1.5/ decarbonization vs reflecting agreed COP/UNFCCC/CI language; this will need to be further discussed by the Board
Proposal - analysis required	Mid-term goals	12	Mid-term goals	Germany	2030/35 and 2027 goals: It would be helpful to clarify how the 2027 and 2030/35 goals interrelate with and build on each other. The 2027 goals should be key milestones for achieving the 2030/35 goals. In this context, it should be clarified which goals are for 2030 and which for 2035 and how 2030/35 goals contribute to keeping 1.5°C within reach. For example, systems transition impact goals are not reflected in 2027: decarbonisation goals are missing, despite the urgency to achieve milestones within the critical decade to 2030, instead there is only a focus on innovative solutions (rather than on scaling up key solutions to achieve the 1.5 limit). Also, it would be important to clarify which goals are for 2030 and which for 2035. Given that this is the critical decade, we need transformative, measurable action until 2030.	As noted above, the Secretariat will prepare a revised proposal on the mid-term goals. See response to AGN on mid-term goals and resourcing scenarios (row 8)
Proposal - Guidance needed	Strategic objectives	NA	Loss and damage	Germany	We believe GCF should explore further options to respond to L&D more prominently and more effectively, in line with COP27 decisions on the "mosaic" of L&D solutions and accounting for the work of the upcoming Transitional Committee.	See response to Den/Ne/Lux (row 43)

Proposal - Sticky issue	Cross-cutting	NA	Greening finance	Germany	<p>Mid-term goal on greening finance: We strongly welcome this goal. Yet, ambition should be further increased: we should have at least two sub-goals on greening finance, similar to other mid-term goals. The second goal could focus on setting up enabling regulatory environments, e.g. supporting green taxonomies, green finance policies, green central banking, etc.</p> <p>Objective 5: We strongly welcome this objective; incorporating climate risks into decision-making of financial institutions and strengthening access to green capital markets are important elements. However, the draft needs be clearer that GCF engagement on greening finance should not only be about incorporating climate risks but fully aligning operations of financial institutions with the Paris Agreement and setting up enabling policy environments.</p>	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to integrating climate risks, portfolio climate mainstreaming and alignment, and GCF's role in supporting development of green taxonomies, policies etc
Proposal - Sticky issue	Institutional & operational	25	Governance	Germany	<p>Governance/institutional priorities: We appreciate that improving the GCF's governance is listed as an institutional priority. However, we would want to include a clearer articulation of how improving GCF's governance structures can strengthen the GCF's impact and influence. Improving the agility, transparency and efficiency of the GCF's operating model is critical. This could build on key findings of the SPR in that regard, with clear indications where lessons have been learnt. Some more specific elements would be Moreover, we would welcome strengthening a "One-Board-Approach" as a key prerequisite to enhance positive, constructive collaboration in the Board and to enhance joint work across constituencies.</p>	To be further discussed by the Board, as different views have been expressed on governance matters, including delegated authority and One-Board-Approach.
Proposal - language amendment	Vision	NA	GCF story	Germany	To be more politically appealing, the USP could include a stronger political narrative that outlines why the GCF is the key instrument to implement the Paris Agreement and how USP-2 represents a significant leap forward for the GCF in comparison to existing strategies.	Noted. The Secretariat will endeavour to make surgical edits to better reflect this sentiment in a revised draft.
Proposal - Sticky issue	Cross-cutting	NA	Ambition	Germany	<p>Building on these positive elements, we would like to highlight some areas where we see room for improvement in individual sections below, to enhance the level of ambition and to articulate the urgency and necessity for a transformative, high-impact GCF-strategic plan more clearly, to contribute to achieving the Paris Agreement objectives, with clear references to the 1.5°C-limit. This relates in particular to the long-term vision as well as how this translate to the mid-term goals. 2030 is the critical decade to keep 1.5°C within reach, GCF has a key role to play.</p> <p>We welcome the clear focus in the long-term vision on supporting developing countries in the implementation of the Paris Agreement including NDCs, NAPs, etc., but would like to emphasise the need to increase ambition and close gaps in order to achieve the Paris Agreement goals. However, the urgency of ambitious, transformative climate action should be articulated more clearly.</p> <p>2030 is the critical decade; this should be reflected, with clear references to keeping 1.5°C alive, and the need to halve global emissions by 2030, based on IPCC, and referring to the need to close the gaps that the IPCC highlights in its latest assessment report, which should inform the GCF in formulating its vision.</p>	To be further discussed by Board, as different views have been presented on how strongly the GCF should express ambition with respect to 1.5/ decarbonization vs reflecting agreed COP/UNFCCC/CI language.
Proposal - language amendment	Strategic objectives	NA	Allocations; Most vulnerable	Germany	<p>Building resilience to urgent climate threats/Objective 3: We welcome the focus on locally-led adaptation and rapid expansion of climate information and early warning systems. Yet, more ambitious targets on prioritising the most vulnerable to climate change is needed, matching or exceeding actual IRM performance of 69% allocated to the most vulnerable.</p>	<p>Noted. The Secretariat will continue to report the GCF's performance on all Investment Framework allocation parameters (currently set by Decision B.27/06), including the share of funding for the most vulnerable. The Secretariat intentionally refrained from including the allocation parameters in DRF.01 so as not to mix these up with the more climate-results oriented mid-term goals set out in Section III. In tandem with its consideration of the USP-2, the Board may wish to also update the Investment Framework allocation parameters in a way that aligns with the GCF's updated programming strategy.</p> <p>An emphasis on the most vulnerable is also embedded in many of the mid-term goals, and could be incorporated in prioritization criteria adopted by the Board</p>

Proposal - language amendment	Institutional & operational	24	Access (accreditation)	Germany	We strongly welcome that improving access is identified as a core operational priority. Building on this, the draft could be further strengthened by: <ul style="list-style-type: none"> o increasing the transparency and predictability of project and (re-)accreditation cycle procedures; o significantly reducing bureaucracy and the administrative burden on partner institutions; o enhancing differentiation between different AEs in (re-)accreditation procedures, according to their different capacities and needs. 	Noted. The Secretariat can further emphasise commitment to improving transparency and predictability of project and accreditation processes, reducing bureaucracy, and emphasizing consideration of differentiated approaches, in a revised draft. The Secretariat notes that formal differentiation of procedures according to AE capacities and needs would need to be taken up in the context of the Board's ongoing discussion on the Accreditation Strategy. This is expected to be informed by the upcoming study on the potential for GCF to enable all accredited entities to apply their own systems and policies (Decision B.34/19)
Proposal - Sticky issue	Strategic objectives	NA	Updating NDCs	Ireland, New Zealand, Spain	With regard to strengthening country capacity, the document focuses on the effective implementation of the NDC, NAP and LTS. We welcome this focus as it is essential that climate finance is guided by such plans. We believe that the GCF should take advantage of its strategic position to go further and encourage an increase in the level of ambition of these documents, which will be reviewed periodically. This could lead to faster transition and transformational changes, achieving climate resilience and phase-out of fossil fuels at an accelerated pace, helping to keep 1.5°C alive.	To be further discussed by the Board, as different views have been expressed on whether the USP should more explicitly signal encouragement for an increase in the ambition of NDCs and GCF support for NDC updates, or maintain a focus on supporting the NDCs as communicated by developing countries
Comment - no action required	Cross-cutting	NA	Structure	Ireland, New Zealand, Spain	we welcome the USP draft 1, the comprehensive approach with different scale of objectives (long term vision, mid term goals, programming objectives, operational goals and institutional priorities	Noted.
Proposal - Sticky issue	Cross-cutting	NA	Private sector	Ireland, New Zealand, Spain	We also believe that some points can be improved, such as more direct targets for private sector engagement	The degree of emphasis in the USP on the private sector is a key issue to be further discussed by Board; divergent views have been presented on this point
Proposal - Sticky issue	Cross-cutting	NA	Prioritization	Ireland, New Zealand, Spain	We agree with other colleagues that a pipeline prioritization is needed and that 2024-2027 is a critical period to keep the 1.5 target alive, so including mitigation targets could be very positive for this USP.	See response to Den/Ne/Lux on Prioritization (row 47) See response to Finland, Hungary, Liechtenstein, Monaco, Switzerland on further analysis on mitigation goals (row 60)
Proposal - Guidance needed	Cross-cutting	NA	Loss and damage	Ireland, New Zealand, Spain	We also believe that some points can be improved, such as a clearer approach to loss and damage.	See response to Den/Ne/Lux (row 43)
Proposal - Sticky issue	Strategic objectives	NA	Greening finance	Ireland, New Zealand, Spain	We strongly support the role of the GCF in relation to greening financial systems, and would like to flag this quotation: "The GCF will incentivise AEs to evolve their overall portfolios of activities beyond those funded by the GCF, towards low-emission and resilient pathways". Therefore, we believe that the revision of the accreditation strategy is a good opportunity to take advantage of the catalytic role of the GCF and the USP should include a mid-term target for the decarbonization of the overall portfolio of AEs. The GCF could also support national and regional enabling environments for green finance.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to portfolio climate mainstreaming and alignment, and GCF's role in supporting development of green taxonomies, policies etc
Proposal - language amendment	Cross-cutting	NA	Climate & Nature	Ireland, New Zealand, Spain	We also believe that some points can be improved, such as clearer references to the linkages between climate, nature and co-benefits	See response to Canada (row 26)
Comment - no action required	Institutional & operational	NA	Access	Ireland, New Zealand, Spain	On operational priorities, improving access to climate finance is key to the success of our international climate goals and we welcome the attention this is given in the draft. It will be essential to reduce the bureaucracy and challenges faced by partner countries, and improve the transparency, consistency and predictability of the application process for accreditation and for funding proposals	Noted. The Secretariat can further emphasise commitment to improving transparency and predictability of project and accreditation processes, reducing bureaucracy, and emphasizing consideration of differentiated approaches, in a revised draft.
Question / technical clarification	Strategic objectives	13	Thematic strategies	Italy, Austria, Portugal	We support this approach by the Secretariat, with high level key enabling actions for the strategic programming objectives and more detailed thematic strategies to be adopted across the programming areas. Which process the Secretariat is envisaging for the elaboration of these thematic strategies? Are they expected to be adopted together with the USP2 at B36?	Strategies for the Private Sector, Adaptation and Accreditation have already been adopted by the Board. The Board workplan includes consideration of Accreditation Strategy (outstanding matters), Readiness Strategy and PPF Strategy and modalities. In addition, the Secretariat has developed 11 sector guides which set out programming guidance across the GCF's key sectoral results areas. The Board may consider, in conjunction with the USP, if any additional thematic strategies are needed (eg Direct Access strategy)
Question / technical clarification	Strategic objectives	21a)	Systems transition	Italy, Austria, Portugal	Pipeline programming: Unclear - what is the scope and goal of this modality?	This refers to engagement by DMA, through the regular pipeline programming modality (i.e. engagement with countries and AEs to submit FPs), which generates thematically or geographically based programmes of investments that target high impact potential areas in line with country needs. Example include programming in Africa on the great green wall, and with Caribbean/Pacific SIDS on blue economy . These DMA-led programming initiatives can also engage private sector actors, but do so through 'public sector' AEs.

Question / technical clarification	Strategic objectives	21d)	Systems transition	Italy, Austria, Portugal	Promoting systemic resilience planning: To be further clarified by the Secretariat	The Jamaica Pilot, developed in collaboration with the govt of Jamaica, CCRI and Oxford University, is an systemic infrastructure resilience planning initiative trialing the following methodology: (i) development of a risk assessment tool that uses climate and economic data to pinpoint risk hot spots, and identify critical infrastructure intervention points (ii) development of a project preparation methodology that can be used to plan an optimal mix of grey and green infrastructure interventions to address key hot spots (iii) structuring infrastructure investments, including ensuring climate risks are integrated into asset pricing methodologies. While different countries/projects may not follow exactly the same steps as Jamaica, there is significant potential to expand uptake of these types of systemic resilience planning approaches going forward to underpin both 'build back better' and 'build forward better' in areas where infrastructure is at critical risk from climate-change related extreme weather or slow onset events.
Comment - no action required	Introduction	5	Structure	Italy, Austria, Portugal	We welcome the simplified and streamlined structure of the USP, which must indicate the long-term vision and its goals as well as the strategic programming objectives. We strongly appreciate the result-based approach with concrete objectives to be delivered.	Noted.
Question / technical clarification	Strategic objectives	21e)	RfPs	Italy, Austria, Portugal	RfPs: What specific impact areas are envisaged?	RfPs would most likely be deployed in areas where the regular programming process does not, without modification of project assessment criteria, accommodate the types of results targeted (eg REDD+ RBPs are assessed on their own criteria). RfPs have also in the past been used to generate CNs in novel programming areas, but this type of approach has faced challenges due to the difficulty of matching project sponsors with AEs who can bring full FPs to GCF.
Question / technical clarification	Mid-term goals	12	Resourcing	Italy, Austria, Portugal	Delete sentence relating to resourcing	The reference to resourcing has been included here as the target levels for the mid-term goals are by necessity linked to the scale of GCF resourcing over the goal period. In response to other Board comments, the Secretariat is developing a revised proposal and analysis on the mid-term goals, which will be accompanied by resourcing scenarios.
Question / technical clarification	Strategic objectives	20	Private sector; Access	Italy, Austria, Portugal	In the B34 Zero Draft, Strategic Priority 3.3 was dedicated to "Catalysing Private Finance at Scale", and 3.5 to "Improving Access to Fund Resources". It is not fully clear how these two have been streamlined under this new Objective 4. We believe that a strategic priority dedicated to scaling-up and catalyse private finance should be kept as a key strategic objective for GCF-2. In this context, it is not fully clear how it is incorporated in the topic of "just systems transitions". Proposed in-line edits and comments reintroducing content from the zero draft: - Include content on access to resources and accreditation strategy - Include content on aligning financial flows - Reorient objective to 'Catalyzing private sector finance at scale', per the previous draft - Include content on GCF acting as a partnership hub, and GCF engaging in policy dialogue with private sector actors	At B.34 the Board gave guidance to the Secretariat to streamline the zero draft, reorienting it toward climate-results and ensuring that there was a clear logical 'follow-through' from the goals, to the strategic objectives, to the actions required to implement the strategic objectives. In doing this, the Secretariat has endeavoured to bring a clearer logical framework to the draft, where the strategic programming objectives reflect the <i>outcomes</i> that will underpin paradigm shift toward LECR development (eg enhanced investment capacity, innovation, resilience to urgent threats, systems transition, and greening finance). The role of the PSF in catalyzing private finance is a means toward these ends, which is has been internalized across the Objectives, and particularly via objectives 2, 4 and 5. This is also in line with the Private Sector Strategy adopted by the Board, which includes distinct prongs of action related to building investment capacities and enabling environments, innovation, de-risking for scale, and greening finance. In relation to the priority from the zero draft on 'improving access to fund resources', this reflected a <i>means toward</i> the targeted outcomes, or <i>how</i> the GCF would aim to deliver its substantive programming goals. Accordingly much of the content from this section has been incorporated into the Operational priority of 'Enhancing access to GCF resources'. This separation helps more clearly delineate between strategic <i>programming</i> objectives (Objectives 1-5; the 'what') and <i>operational</i> objectives (Enhancing Access; the 'how')
Question / technical clarification	Strategic objectives	17g	Private sector	Italy, Austria, Portugal	Please clarify the term "educated risk" It is crucial to better define the GCF risk appetite in order to allow the Fund to work on its value added and deploy its comparative advantages investing where and how other actors cannot.	In this context, 'educated risk' or 'calculated risk' refers to GCF taking investment risks (i) that are in line with its Risk Appetite Statement (i.e. accepting considerable uncertainties about investment risks to unlock significant climate impact potential) and that are (ii) well informed by risk assessment and management tools, such as additionality and project success rating tools, as well as lessons from portfolio and adaptive management (iii) in line with GCF's risk policies. These elements + our internal control mechanisms allow us to understand the risks we are taking and manage and reduce the potential impact if the risk materialized.

Proposal - Guidance needed	Strategic objectives	19b	Loss and damage	Italy, Austria, Portugal	Proposed in line edits and comments noting: - The GCF has already a track record of projects to avert, minimize and address L&D. - Reference should be made to the GI - "Complementarity" could be the keyword that reduces the potential responsibility for the Fund to act by itself. - This activity should be dealt consistently with the existing investment and results framework, and within funding window and structure of the GCF. The pipeline programming should be consistent with the experience and activities already undertaken under the GCF in supporting measures to avert, minimize and address L&D in the context of its funding windows as specified by its Governing Instrument. For example, in 2020, almost a quarter of the GCF's approved projects explicitly mentions L&D, with 16% linking L&D to their main project activities.	See response to Den/Ne/Lux (row 43)
Question / technical clarification	Strategic objectives	17c	Innovation; Private sector	Italy, Austria, Portugal	Early stage risk capital: Why the focus is only on adaptation? We would prefer to have similar attention also to mitigation	While this action does cover both adaptation and mitigation, in line with the Private Sector Strategy a particular emphasis is placed on seeding adaptation businesses/MSMEs given the particular need and opportunity for the GCF to promote innovative private sector engagement in adaptation.
Proposal - Sticky issue	Strategic objectives	23	Greening finance	Italy, Austria, Portugal	We strongly support	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance
Proposal - language amendment	Introduction	23	GI/UNFCCC/PA/CO P	Italy, Austria, Portugal	Proposed in-line text edits relating to: - Support for recalling all three Paris Agreement goals; - Do not see need to make reference to AMA loss and damage - adjust references to COVID-19 pandemic and war in Ukraine - Refer to finding new financial solutions to achieve the goals mentioned - Delete reference to figures contextualizing GCF financing with reference to 100B goal	Noted. The Secretariat will endeavour to make surgical edits to the next draft to reflect non-contentious points. Where Board members have expressed differing views on proposed content, the Secretariat will take guidance from further discussion with the CC/Board.
Proposal - language amendment	Strategic objectives	19f	Diversification of instruments; Objective 3	Italy, Austria, Portugal	Exploring potential to deploy financial instruments: There is a need to further elaborate on this topic. The full suite of GCF financial instrument should not be limited to address "urgent vulnerabilities", but also to promote innovative, long-term, adaptation financing in line with country driven priorities identified in NDC, NAP, AC, LTS. GCF investments in adaptation should focus on transformational and innovative projects, including the promotion of a greater engagement with international and domestic private sector (i.e., exploring insurance and markets for disaster risk reduction, mainstreaming of climate risk in investment decisions, etc.). Finally, GCF should promote additionality throughout its adaptation portfolio, inter alia by strengthening and aligning complementarity and cooperation with other climate funds and investors, including MDBs and development finance institutions.	Noted. Following Board guidance at B.34, the Secretariat has endeavoured to structure each Objective so the actions specifically related to the implementation of that objective follow it. Accordingly, the reference here to diversification of instruments relates specifically to the 'addressing urgent vulnerabilities' objective; diversification of instruments could also be elaborated under other Objectives. An emphasis on innovating private sector solutions for adaptation is captured more directly in Objective 2, alongside enhancing the role of private sector in coalitions for systems transitions in Objective 4. To distinguish the Objectives and associated actions, the intent had been to have Objective 3 focus more on adaptation interventions that would not be revenue generating and continue to require more conventional public sector support, particularly to address urgent vulnerabilities.
Proposal - analysis required	Mid-term goals	12	Direct Access	Italy, Austria, Portugal	Change DAE goal from "double the number" to "an increased number"	The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Acces. See further response to AGN on Direct Access (row 11)
Proposal - analysis required	Institutional & operational	24e(ii)	Direct Access	Italy, Austria, Portugal	Only increasing the number of DAEs is not the solution. We believe it is important to enhance their capacity to deliver.	The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Acces. See further response to AGN on Direct Access (row 11)
Comment - no action required	Vision	11	Complementarity & coherence	Italy, Austria, Portugal	We welcome this approach (GCF will not deliver this vision on its own). It is crucial for GCF to cooperate with the main stakeholders in order to harmonize the respective plans and work programs, avoid overlapping of the activities and optimize the financial resources available.	Noted.

Comment - no action required	Strategic objectives	15e	Climate investment capacity	Italy, Austria, Portugal	Climate risk and vulnerability assessments supporting investment design: Support. It would be helpful to focus such activities also in the context of building of the climate rationale and climate-sensitive adaptation strategies along with support to identifying blended finance vehicles and crowding in commercial capital. It would be important for the GCF to have a strategic take up on existing and/or innovative solutions to improve enabling environments to better manage physical climate risks in infrastructure and investment decisions, including working on markets for disaster risk finance, early action and preparedness.	Noted.
Proposal - Sticky issue	Introduction	7	Ambition	Italy, Austria, Portugal	A reference to art. 2.1 c of the Paris Agreement should be made with a wider wording rather than with the current phrasing. "(c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development."	To be further discussed by Board, as divergent views have been presented on the whether or not the USP-2 should place emphasis on shifting financial flows/PA Article 2.1c in the USP-2
Proposal - language amendment	Vision	8 to 10	Ambition	Italy, Austria, Portugal	Proposed in-line text edits relating to: - emphasizing most vulnerable people - GCF's ambition to contribute to shifting financial flows and aligning financial flows with PA - comparative advantage in using a range of financial instruments to promote a demand-driven, fit-for-purpose strategic management of financial risk - strengthen reference to catalyzing other sources of finance and innovation	Noted. The Secretariat will endeavour to make surgical edits to the next draft to reflect non-contentious points. As noted above, Board members have expressed divergent views on whether or not the USP-2 should place emphasis on shifting financial flows/PA Article 2.1c
Question / technical clarification	Institutional & operational	25d(ii)	Administration & budgeting	Italy, Austria, Portugal	Allowing for a multiannual budgetary framework requires a strengthening of impact-orientation of budgetary processes. Any multiannual approach requires a performance-based/ impact-related dimension	Noted. The Secretariat notes that the approach to updating the GCF budgeting framework will be taken up under a separate item of the Board workplan in 2023, following the Decision taken under B.34/05(k)
Question / technical clarification	Institutional & operational	24c(ii)	Access (harmonization)	Italy, Austria, Portugal	Examine potential for AEs to apply own systems and policies: While we are supportive and fully committed to enhance access, we should be careful with introducing different standards and layers of standards that might contradict the efforts of the Fund to speed up processes	Noted. The language here reflects the decision taken by the Board in adopting the accreditation strategy (B.34/19(f))
Question / technical clarification	Strategic objectives	15b	Access (differentiation)	Italy, Austria, Portugal	Could the Secretariat better clarify which are these countries (that have not yet accessed GCF support for funded activities) and how many of them are LDCs, SIDS and African Countries?	To date 67 countries have not accessed GCF funding through a single-country project. Of these, 12 have either not nominated an NDA or are not expected to ask GCF for support. The remaining 55 countries consist of 25 LDCs and SIDS (13 LDCs and 12 SIDS) and 18 African countries. Of the 25 SIDS and LDCs, 23 are part of at least one multi-country programme. Of the 18 African countries, 13 are part of at least one multi-country programme.
Comment - no action required	Institutional & operational	24b(i)	Access (accreditation)	Italy, Austria, Portugal	Simplify accreditation and reaccreditation: : Such goal is crucial and should be carefully monitored for the stakes and the partners involved	Noted.
Question / technical clarification	Introduction	5d	Access	Italy, Austria, Portugal	We would request to include also ambition (in mitigation, adaptation and consistency of finance flows mobilization) among the operational goals?	Ambition with respect to mitigation, adaptation and finance flows mobilization is captured in Sections II-IV: these are designed to set out the results-oriented strategic programming directions of GCF. The operational goals, by contrast, relate to <i>how</i> the GCF will utilize its operational modalities to achieve its substantive mitigation/adaptation programming ambitions. This is the reason there is no reference to mitigation/adaptation/finance flows ambition in Section V
Proposal - Sticky issue	Cross-cutting	NA	Updating NDCs	Japan	Although we recognize the importance of strengthening climate investment capacities for developing countries to implement NDCs, their efforts for updating their NDCs to keep the 1.5-degree limit should also be supported, considering the fact that many developing countries are to update their NDCs in 2025 during the GCF-2 period.	To be further discussed by the Board, as different views have been expressed on whether the USP should more explicitly signal encouragement for an increase in the ambition of NDCs and GCF support for NDC updates, or maintain a focus on supporting the NDCs as communicated by developing countries
Comment - no action required	Cross-cutting	NA	Structure	Japan	We welcome the first draft of the Strategic Plan for the Green Climate Fund 2024-2027 which includes the mid-term goals, concretely indicating the direction for which the GCF will aim during the second replenishment period and beyond. We appreciate the new draft is more concise than the zero-draft.	Noted.
Proposal - analysis required	Annex	NA	Resourcing	Japan	The Annex I presents the number and cost of the projects expected to be implemented under each medium-term goal and three scenarios, which are helpful for contributors. On the other hand, the scale of the replenishment should be realistic and sustainable, taking into account the past performance of GCF and the secretariat's capability. The Annex I indicates that having at least USD 15 billion would be a pre-condition to achieve the mid-term targets by 2027. However, it should be considered whether this is a realistic scale and whether the Secretariat has capability to implement it. If mobilization of USD 15 billion does not seem feasible, we should think about down-sizing the mid-term targets by 2027 by prioritizing proposed project areas and regions.	Linkage between the USP and GCF resourcing is key issue for further discussion by the Board. The Secretariat will prepare further analysis of resourcing scenarios and how these might correlate to different mid-term goal ambition levels, to inform further Board discussions. See further response to AGN on mid-term goals (row 7)
Proposal - Sticky issue	Institutional & operational	25 d) iii)	Regional presence	Japan	Feasibility studies should be carried out as decided by the Board to clarify pros and cons of establishing regional presence	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization/regional presence, or await the results of feasibility analysis.

Question / technical clarification	Annex	NA	REDD+; Forests	Japan	Forestry and agriculture should be highlighted explicitly as priority sectors. Since emissions from forestry and agriculture account for 23% of global emissions, these sectors are critical to achieve net-zero emissions by 2050. Just ecosystem transition: It should be clearly stated that conservation of forests, especially tropical forests, is an important concrete action in terrestrial ecosystem conservation. Relatedly, REDD+ result-based payments should continue as an effective tool for reducing deforestation	The Secretariat confirms that the DRF.01 proposed goals encompass both forestry and agriculture: - The "just food transition" goal and smallholder target encompass the vast majority of GCF's agriculture interventions, many of which are cross-cutting - The "just ecosystems transition" goal encompasses forestry and ecosystems activities, from conservation to sustainable management and restoration, guided by the pathways of halting forest loss, conserving and restoring nature The Secretariat is preparing a revised proposal on mid-term goals and will seek to further clarify these aspects.
Proposal - analysis required	Mid-term goals	NA	Mid-term goals (mitigation); Ambition	Japan	The need for activities for mitigation should be more emphasized in the strategic programming objectives. An addition, forestry and agriculture should be highlighted explicitly as priority sectors. Since emissions from forestry and agriculture account for 23% of global emissions, these sectors are critical to achieve net-zero emissions by 2050.	The refinement of the mid-term goals is a key issue for further discussion by the Board. See response to AGN on mid-term goals (row 8). Within this, the Board will need to consider the relative weight given to programming across different results areas (including forestry and agriculture), as members have expressed differing views on this. As noted above, the Secretariat is preparing a revised proposal for Board consideration, and is happy to support with further analysis to support consideration of mitigation goals.
Proposal - Sticky issue	Strategic objectives	23	Greening finance	Japan	It should be noted that, in addition to the methodologies mentioned in paragraph 23 including green taxonomy, there are various other approaches to promote green financial systems, such as the entity-based approach.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to green taxonomies and entity-based portfolio mainstreaming/alignment
Proposal - analysis required	Mid-term goals	12	Direct Access	Japan	Efforts to develop DAE's capacity and system to deliver quality projects should not be overlooked by putting too much emphasis on doubling the number of DAEs. While prioritizing accreditation of DAEs from developing countries that do not yet have DAEs, it is important to strengthen the capacity of existing DAEs and increase the number of high-quality projects by those DAEs	The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Access. See further response to AGN on Direct Access (row 11)
Proposal - language amendment	Institutional & operational	25 d) vi)	Communications & Outreach	Japan	In relation to comprehensive outreach strategy, dissemination of the projects results should be strengthened. GCF's track record of implementation is important in reporting to donors, and useful as a reference for other AEs and developing countries	Noted. The Secretariat will endeavour to strengthen the language on communications and information sharing in a revised draft, including to reference dissemination of project results
Proposal - analysis required	Institutional & operational	24 a) i)	Access (speed)	Japan	There might be a risk that setting a programming target at a rate of deploying over 90% of available commitment authority could result in a situation where projects will be developed mainly by some IAEs with capability to develop funding proposals faster	Noted. The Secretariat has proposed a 90% target building on operational experience to date where it has been able to adjust financial planning and pipeline management in line with available commitment authority. Having clear strategic programming directions and clarity on the schedule of financial contributions assists greatly with this, as it allows the Secretariat to work with AEs and countries to manage pipeline well in advance. However the Secretariat also acknowledges that there may be trade-offs between speed of programming and qualitative programming goals (eg increasing DAE participation), which the Board should further consider in concluding the USP. The Secretariat is preparing further analysis to inform the Board of these trade-offs and feasibility considerations.
Question / technical clarification	Institutional & operational	24 a) ii)	Access (speed)	Japan	Increasing the implementation rate (over 90% as mentioned in the draft) is important, but it is questionable to count projects with no progress since the entry into force of FAAs as being implemented. Projects with no progress for several years should be subject to "cancel" or "restructure".	Noted. The Secretariat's Division of Portfolio Management has been increasing its staff capacity since 2022. This will allow the Secretariat to take a more structured and proactive approach in its engagement with AEs on implementation matters. This proactive approach will help improve understanding of implementation challenges being faced which may lead to earlier restructurings where doing so would speed up implementation, or cancellations where a change in conditions means that projects can no longer be delivered. The Secretariat is also operationalizing an early warning system that will highlight Funded Activities which may be or are experiencing implementation issues that are impeding the progress of the project.
Proposal - analysis required	Institutional & operational	24 a) iii)	Access (speed)	Japan	Welcome the shortening of the median times from project review to first disbursement, but quality of the project should not be sacrificed by focusing solely on speed. In addition, AEs should not be overburdened with over-emphasis on speed. In this context, communication between the secretariat and AEs should be ameliorated so that the voices of AEs can be listened to.	As noted above, the Secretariat acknowledges the potential for trade-offs between speed and qualitative programming goals. Aggressive ambitions on speed can generate incentives that compromise on quality and risk management. The Secretariat also agrees that strengthened programming engagement with AEs is essential to deliver on both speed and quality. The Secretariat is preparing further analysis on trade-offs for discussion by the Board.

Question / technical clarification	Institutional & operational	23 c) iii)	Access (harmonization)	Japan	Appreciate the clarification on “pursue opportunities to develop more consistent definitions, standards, taxonomies and approaches to key methodological issues in climate finance”.	One of the underlying drivers behind challenges related to access is that without clear or consistent methodological standards, different individuals or entities tend to take different approaches. This can lead to poorer quality up front (as it is not clear what is being required of countries/AEs) as well as inconsistencies leading to delays in review, approval and implementation processes. Working toward more clear, codified and shared methodological standards, both within/across GCF bodies, and with external partners (where possible), could lead to significant improvement in both quality and access. Examples might include having more consistent approaches across Sec/ITAP/external experts on establishing climate impact potential; working to harmonize results indicators with other funds; establishing shared approaches to NDC/climate investment planning; working on taxonomies of sectoral interventions to be used for more granular reporting, etc.
Proposal - Sticky issue	Institutional & operational	24(a)	Prioritization	Observers	It is also unclear how the projected “pipeline prioritization’ will be managed and what test project proposals will have to pass to meet “GCF programming goals.” Would public sector full cost proposals fail on financial grounds even if they engage in targeted sectors such as locally-led adaptation or food security measures? Setting up clear, transparent, and efficient systems is an opportunity to better leverage the GCF Secretariat’s capacity and ensure the GCF is accountable for the expectations it sets in terms of both programming substance and process	See response to Den/Ne/Lux (row 47). The Secretariat notes that the intent behind the goals in DRF.01 was to orient GCF programming and associated resource deployment towards climate results, rather than programming driven by portfolio allocations. As a result no co-financing or mobilization targets were proposed. The Secretariat notes that goals have been proposed for locally-led action and for food security.
Proposal - language amendment	Institutional & operational	25 b)iii)	Gender, indigenous people, local communities; ESS	Observers	The explicit reference in paragraph 25(b)iii) on the continuous advancement of best practice standards on ESSs, Indigenous Peoples and gender policies and integrity beyond “do no harm” to improve outcomes (“do good”) is appreciated. However, the list is missing – as institutional priorities to be strengthened during GCF-2 – a mention of transparency/information disclosure standards, as well as the long overdue development of observer participation and stakeholder engagement guidelines. Increased transparency and accountability, including accountability to the wider public, is needed especially with respect to the envisioned expanded engagement with and programming through and for the private sector during GCF-2.	Noted. The Secretariat will endeavour to make non-contentious language amendments for to reflect the enhanced commitment to transparency, information disclosure and stakeholder engagement. The Secretariat notes that the Observer Participation guidelines are already on the Board workplan and it is planning to re-commence work on these in 2023. The development of the GCF ESS and update of the Country Ownership guidelines will also touch on matters related to stakeholder engagement.
Proposal - language amendment	Institutional & operational	25 c) ii)	Gender	Observers	Should explicitly mention women as a highlighted group whose insights on affected communities should be sought through better participatory approaches during GCF-2.	Noted. Secretariat will make language amendments in a revised draft.
Proposal - analysis required	Institutional & operational	24	Direct Access	Observers	While it is useful that paragraph 24 outlines a key focus on enhancing access to GCF financial resources, a clear commitment/goal for increasing DIRECT access to GCF resources, including through a commensurate programming goal, is missing. While paragraph 24(e)ii) talks about increasing the share of DAEs in the AE network, it does not commit to increasing the share of GCF programming by DAEs. As DAEs already outnumber IAEs in the GCF, it seems that this goal should focus on increasing the actual number of projects and programmes and therefore financing that goes to DAEs, not just the overall number of DAEs.	Please see response to AGN on Direct Access (row 11). A goal for DAE programming is included in the mid-term goals in para 12.
Question / technical clarification	Institutional & operational	24 b)ii)	Devolved financing	Observers	It is not clear what “other devolved financing approaches” are referred to in paragraph 24(b)ii), and it would be useful to spell this out.	Devolved financing refers here to FPs that involve the establishment of an on-granting or on-lending mechanism that 'devolves' decision-making for funding decisions and project oversight to the national, regional or local level. This can be achieved by, for example, establishing a dedicated facility to fund small-scale community projects and can support reaching most vulnerable, hard to reach communities and individuals. The GCF's 'Enhanced Direct Access' pilot covers devolved financing mechanisms implemented through DAEs, however it is also possible for IAEs to implement devolved financing approaches. GCF has approved devolved financing approaches outside of its EDA pilot, such as FP193.

Proposal - analysis required	Institutional & operational	25 d) v)	Administration & budgeting	Observers	The adherence to a ceiling of administrative costs at 0.7 percent of assets unnecessarily constrains the GCF and will ultimately hinder projects' and programmes' achievement of the highest standard of climate action. This measure should be dismissed in favor of a more qualitative examination of whether the Secretariat and independent units are achieving their goals efficiently. We need effective administration for effective climate finance, which means determining what capacity is needed now that the majority of the GCF portfolio is under implementation. Ensuring adherence to the ESS, IP, and gender policies must be a priority, especially as the GCF is expecting accredited entities to push their standard of implementation higher. Monitoring, capacity-strengthening, and robust, flexible responses to challenges (e.g., the Covid pandemic) are necessary functions of the Secretariat that require investment so the full returns can be realized. Staff, moreover, deserve to be able to achieve a sense of well-being while doing excellent work because their workloads are appropriate and their systems fair and transparent.	Noted. See response to the United States on budgeting and administrative approach (row 233). The Secretariat agrees that a further assessment of overall GCF capacity and organizational design will be required in light of the revised Strategic Plan 2024-2027, and welcomes the focus on staff wellbeing.
Comment - no action required	Institutional & operational	24 c) ii)	Accreditation	Observers	The reference in paragraph 24(c)(ii) focusing on the potential for AEs to apply their own systems and policies is worrisome. Instead of highlighting compliance with best practice policies and safeguards on environmental and social issues, gender, Indigenous Peoples, transparency and disclosure as a way to enhance access to GCF resources, this proposes a lowest common denominator approach of "substantial equivalence." This continues a further undermining of such standards in the name of efficiency and access that is already apparent in the PSAA approach. Instead of undermining these standards, the GCF should see that ensuring compliance with these standards and building AEs' capacities to comply with these standards is one of its most powerful transformational and paradigm-shifting tools, and should treat the standards as such.	As noted above, in relation to the study on policy equivalence, this reflects the mandate recently created by the Board through decision B.34/19, which is premised on maintaining best practices.
Question / technical clarification	Institutional & operational	24(a)	Access (speed)	Observers	In paragraph 24(a), reducing times in the review cycle needs to align with providing more public information on the review cycle. Greater transparency on the proposals put forth, along with a standardization of the review cycle, will serve the GCF well. This process is not only about overall time, but about the time and effort involved in the process on all sides when there may be dozens of review cycles. A clear 5-10 rounds of review with specific goalposts will better serve an institution of this size than the ad hoc cycles that accredited entities encounter, varying largely depending on the individuals with whom they are working in the Secretariat.	Noted on transparency of review cycles. Over the course of GCF-1 the Secretariat has worked to standardize and enhance the consistency of both the FP review cycle and the tools and guidance used to assess proposals, in line with the GCF investment criteria and policies. These steps are codified in the GCF Programming Manual and the Appraisal Manual. A commitment to increase transparency as to what stage in review cycles their proposals are at is also captured in 24(e)(iv).
Comment - no action required	Institutional & operational	24 b) iv)	Access	Observers	We appreciate increasing language accessibility as captured in paragraph 24(b)(iv). Again, though, this approach must be paired with increased attention to public information disclosure and transparency.	Noted
Proposal - language amendment	Strategic objectives	21	Systems transition	Observers	Paragraph 21 also includes a number of ambiguous references that should be explained, e.g. the reference to "the pilot in Jamaica" in paragraph 21(d) and what is meant by "novel asset classes" in paragraph 21(f), which could benefit from the inclusion of specific examples.	Noted. The Secretariat will endeavour to incorporate non-contentious edits in the next revised draft.
Proposal - Sticky issue	Strategic objectives	20, 21	Private sector	Observers	Private financing also comes in very different flavors, and there is an unresolved tension between the emphasis on direct access, early-stage capital, and micro, small, and medium sized enterprises (MSMEs) (e.g. in the table on page 5) and the stated aim in paragraph 20 of "shifting the trillions in private sector flows." These large-scale private sector flows from international banks, pension funds, and other institutional investors have a very different risk-return profile to the type of financing needed to support local enterprise and MSMEs. GCF financing would be better suited to enabling "patient" capital that supports replicable impacts for local actors, including MSMEs and local intermediaries (as per its Governing Instrument) rather than leveraging large scale co-financing for non-transformative activities. This tension is also apparent in paragraph 21(b) where the focus on equity financing in particular may be incompatible with developing climate-resilient agriculture that can enhance the livelihoods of smallholders and develop a more just food system. Equity investors (such as GCF-accredited Acumen) have reported the difficulty of "exiting" sustainable agriculture investments, especially at a smaller scale, given that such enterprises tend not to scale up significantly, making them too small and/or unprofitable to attract buyers once the original investors seeks an exit.	Noted. The degree and focus of emphasis in the USP on the private sector is a key issue to be further discussed by Board; divergent views have been presented on this point

Proposal - analysis required	Strategic objectives	21	Mid-term goals	Observers	<p>As highlighted in Annex I, at least 45% of programming resources under GCF-2 are intended to be focused on this objective, including an anticipated USD 500 million for green hydrogen projects alone, and up to USD 800 million to “demonstrate resilient infrastructure as an investable asset class.” While it is welcome that a significantly larger amount under this objective is targeted at “just food systems transitions” promoting smallholder farmer households, agroecology, and reconfigured food systems (such as decreasing food loss), it is important that appropriate financing instruments and partnerships ensure that this financing is not merely diverted towards reinforcing agribusiness value-chains. With respect to “just ecosystem transitions”, which assume the largest programming share of allocated financing for objective 4, a number of mitigation-focused forest approaches (including monoculture private sector reforestation efforts and GCF financing provided under the REDD+ RBF pilot) are not compatible with an ecosystems-based approach. Thus, clear definitions for what restoration and sustainable management approaches supported by the GCF under GCF-2 are going to be allowable, especially for forests, are needed.</p>	<p>Noted. The refinement of the mid-term goals is a key issue for further discussion by the Board. Some of these comments speak to a programming implementation below the level of detail of the USP-2, and more closely related to sectoral programming guidance.</p>
Comment - no action required	Strategic objectives	20, 21	Just transition	Observers	<p>In paragraph 20, the assumption that just systems transformation is only possible by using scarce public funding to leverage a shift in trillions of dollars in private financing through public-private investment coinvestment collaborations is reductionist. This assumption negates, for one, the importance of also focusing on shifting harmful public financing flows, such as fossil fuel subsidies towards low-carbon and climate resilient investments domestically, as well as looking at generating higher public resources for example through taxation (such as taxing polluters or through appropriate corporate tax structures).</p> <p>While the headline speaks of “just transitions,” it should be noted that to achieve the “just transition goals” outlined in the mid-term goals section in the table (for just energy transition, just infrastructure transition, just food transition, and just ecosystem transitions) and the GCF’s climate and broader social/environmental goals (as an essential component of “just transitions”), direct fiscal spending supported largely by grant financing is often more effective than “de-risking” private investment, since it works to directly strengthen social support systems and core service provision. Direct public financing, when well governed and adequately supported, can ensure that the costs and benefits of systems transformations are equitably shared, and that the lives and livelihoods of the most vulnerable and marginalized peoples and communities are improved as a result of those transitions.</p> <p>Paragraph 21 does not use the adjective “just” once in describing planned actions. Instead paragraph 21(a) focuses on potentially “unjust” technological approaches (green hydrogen potentially prioritized for export, not for addressing domestic energy poverty); paragraph 21(b) focuses on instruments (equity, guarantees) over equitable outcomes; and paragraph 21(c) focuses on looking at establishing new markets and asset classes (for example for resilient infrastructure) instead of building and strengthening social support systems and public capacity to deliver basic services to increase resilience and help communities to adapt to systems changes. The “just” element of the just transition is essential and the GCF should make sure it is being prioritized</p>	<p>Noted. The Secretariat recognizes that there will be ongoing dialogue in the UNFCCC on the subject of just transition, but will endeavour to make clarifications in the next revised draft to better capture the intent expressed through the Sharm el Sheikh Implementation Plan.</p> <p>Within the USP-2 DRF.01, the Secretariat has endeavoured to focus on levers that are more aligned with GCF’s comparative advantages as an investment fund, and hence has not emphasized measures such as fossil fuel subsidy reform, taxation policies, etc, where others may be better placed to partner with developing countries who seek to pursue these types of policy initiatives.</p>

Proposal - Sticky issue	Strategic objectives	22, 23	Greening finance	Observers	<p>Several comments on Objective 5:</p> <ul style="list-style-type: none"> - In paragraph 23, the focus on national/domestic and regional financial institutions in developing countries is welcome, especially in engaging with them to enhance their provision of credit lines for local MSMEs for climate-related investments (paragraph 23(b)). - The focus on capacity building to enhance access to capital markets for climate investments (paragraph 23(c)) should be qualified with a recognition that existing standards regarding what count as “green bonds” and “green asset-backed securities” are inadequate and provide considerable room for greenwashing. As such, GCF engagement in capacity development in this area should prioritize the creation and application of high and consistent environmental and social standards. - While the mention of accreditation/re-accreditation as an incentive for the evolution of AEs overall portfolio in paragraph 23(f) is appreciated, it is not clear why this is limited to this objective and to national and regional financial institutions, which it seems to be given the wording of paragraph 22. This incentive should be for all AEs. Further, one would assume and actually demand that the same should be asked of AEs involved in Objective 4 related activities on ‘just systems transformation’ (to the extent that they are not ‘exempt’ from such scrutiny through engagement through the PSAA, which one would fear will be prioritizing large-scale investments under Objective 4). - Lastly, local currency lending as a way to enhance access for climate related investments, especially for MSMEs, channeled through domestic/regional financial intermediaries (FIs), should be mentioned here. 	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance
Proposal - language amendment	Strategic objectives	17	Gender; Innovation	Observers	<ul style="list-style-type: none"> - Paragraph 17(e) fails to mention structured engagement with women. Additionally, while paragraph 17(h) mentions the equity dimensions of innovation, it should explicitly prioritize gender and socioeconomic impacts, rather than merely commenting that there are differentiated impacts. 5 	Noted. Secretariat can make surgical edits to this effect in a revised draft.
Proposal - language amendment	Strategic objectives	18, 19	Adaptation	Observers	<p>Several comments on objective 3:</p> <ul style="list-style-type: none"> - In paragraph 19(c), the proposed significant expansion of the Enhanced Direct Access (EDA) modality and other devolved financing approaches with a focus on locally-led adaptation options and prioritizing last mile beneficiaries is welcome, although devolving climate finance to local communities should not be restricted to locally-led adaptation only. For example, distributed energy access mitigation efforts can also benefit from such approaches. - Paragraph 19(d) fails to explicitly mention women, in addition to Indigenous Peoples, civil society and youth, as a group of local actors specifically to engage in locally-led adaptation. This is surprising given the outside role women play in local environmental stewardship, food security, and the provision of care for people and communities. - Our earlier comment on insurance in paragraph 17(f) also applies to paragraph 19(f), which highlights the role of parametric insurance. 	Noted. The Secretariat will endeavour to incorporate non-contentious edits in the next revised draft.
Comment - no action required	Cross-cutting	NA	Structure	Observers	<p>This draft is more clearly organized than the previous version, allowing for more focus on the substance of the directions proposed in terms of programming and operational goals in the mid-term (during GCF-2), as well as highlighting the GCF’s longer term vision. We also appreciate the inclusion of different resource mobilization/replenishment scenarios and how they will impact the GCF’s ability to deliver over time.</p>	Noted.
Proposal - Sticky issue	Cross-cutting	4	Programming approach	Observers	<p>The GCF downplays its role--and the role it should embrace as the flagship fund associated with the UNFCCC and Paris Agreement, demonstrating the highest standard of climate action and building capacity for climate finance through readiness and direct access--by undercutting its volume of funding with the amount necessary for societal transformation. Ultimately, the catalytic impact the draft proposes does not lean upon the incredible asset of the network of accredited entities and the power of the direct access model, but instead suggests adherence to a scheme of risk and reward that glorifies high-risk private sector actors and their top-down, market-based approaches and trivializes participatory, grassroots actions. The description also fails to acknowledge that while the GCF’s overall finance provision might be limited within the broader climate finance landscape, it does deliver a disproportionate share of available multilateral climate finance for specific regions and country groups, especially SIDS, LDCs and sub-Saharan African states.</p>	<p>Noted. Given that the Secretariat commonly hears from stakeholders the expectation that GCF will channel 100B per annum to developing countries, it was considered important to right-set expectations in accurately situating GCF within the climate finance landscape.</p> <p>In developing DRF.01 of the USP-2 and the five objectives contained in it, the Secretariat has endeavoured to capture that the GCF engages in channelling and catalysing finance both through its patient investments in national climate investment capacities (i.e. readiness and direct access) and through providing risk-inclined capital for transformational mitigation and adaptation investments. The draft highlights that GCF programming will <i>both</i> involve participatory local action <i>and</i> private sector actors at multiple scales (investors, financial institutions, MSMEs). The relative balance across the objectives is a matter on which divergent views have been expressed, and which will require further discussion at the Board.</p>

Question / technical clarification	Vision	9	Programming approach	Observers	<p>Assumes that all climate-investments related to NDCs, ACs, NAPs, and long-term strategies need to be 'bankable' to warrant pursuit. This assumption undermines the value of climate action, including and especially adaptation measures, where the return on investment (ROI) will not be financial, but measured in impacts on the ground. It also undermines the fact that these (as well as other) climate actions need grand based public sector investments. The measure of a good project is not its ability to "attract finance" but how effectively it fulfills the identified need(s). The GCF's responsibility when it comes to readiness is not to promote or reinforce a prioritization or rating of projects based on financial return on investment, within a set of actors who are not acting in alignment with the Paris Agreement, but to promote the translation of key needs into effective projects that can be effectively implemented.</p> <p>This approach is further concerning given the GCF's role in channeling a considerable(?) share of new (and needed) multilateral funding for adaptation. As proposed, the language seems to be moving the GCF away from a core focus on highly concessional public sector finance, which could subvert the GCF's purpose and vision as laid out in the Governing Instrument.</p>	<p>Noted. The intent here was to refer to projects that are capable of attracting finance through the investment processes of different potential sources of funding, including GCF - noting that those different sources of financing will have different investment criteria, placing different weight on financial, environmental and social returns, but that even grant-based projects will need to satisfy these to be able to secure financing.</p>
Question / technical clarification	Vision	10	Programming approach	Observers	<p>Doubles-down on this direction by outlining two pathways to achieve its vision with neither centering on the direct provision of finance to community-led climate action. While channeling resources to strengthen capacity is important, "mak[ing] patient investments in mainstreaming capacities and strengthening tools and enabling environments", the description here fails to recognize the importance of centering capacity-strengthening in the public sector as a core element of achieving this goal. The second pathway, which focuses on catalyzing impact through high-risk investments, abdicates the GCF's responsibility to provide direct support to climate initiatives and not to require co-investment. The types of approaches suggested by this vision of "risk appetite" do increase the risk to people and the environment in ways that investment in direct access—where funds flow directly to local communities and 3 that more often centers human rights, traditional and indigenous knowledge, and innovation of local communities—does not. In its next iteration, this draft Strategic Plan should elaborate on the final sentence of this paragraph ("GCF puts specific focus on supporting developing countries, and their people, who are most vulnerable to the adverse effects of climate change and strives to promote gender equality and human rights.") by integrating gender-responsive, rights-centered climate action as central to the GCF's strategic vision.</p>	<p>Noted. The description of GCF's programming approach in para 10 is by necessity at high level of generality - the strategic objectives more specifically detail GCF's proposed programming approach covering each of the dimensions mentioned in the comment (eg Objective 1 - emphasis on capacity development for public sector, Objective 3 - financing for locally-led action, Objective 2/3/4 - ability to deploy concessional finance for a range of different types of FPs spanning innovation, addressing urgent vulnerabilities, and systems transition). The relative balance across the objectives is a matter on which divergent views have been expressed, and which will require further discussion at the Board.</p>
Proposal - Sticky issue	Cross-cutting	NA	Private sector	Observers	<p>We are concerned at the prioritization (both in scope and scale) of private sector financing without commensurate attention to increasing the accountability and transparency of private sector investments facilitated by the Fund. Unless this is addressed, there is a significant risk that the words on gender justice and rights-based climate action would be undermined by financing practices that do not take on board these concerns. We have already seen a number of private sector activities (especially equity financing) approved with no clarity on environmental/social risks or gender responsiveness. The just system transition that the draft strategic plan claims to support (objective 4), and for which it allocates nearly half of the intended GCF-2 resourcing, is concerning in this regard.</p>	<p>Noted. The degree of emphasis in the USP on the private sector is a key issue to be further discussed by Board; divergent views have been presented on this point</p>
Proposal - analysis required	Mid-term goals	12	Mid-term goals; Resourcing	Observers	<p>It is useful to point out that there are different implementation speeds at which the GCF will be able to meet its goals depending on the scale of GCF-2 and subsequent replenishment efforts. However, the allocation of funding to different priorities as suggested in Annex 1 should probably be readjusted irrespective of the scale of the replenishment(s). For example, while we appreciate that the table setting forth 2027 and 2030-2035 targets/goals includes one on ensuring finance flows to vulnerable communities across at least 20 countries, there is insufficient indicative funding allocated to devolved financing and locally-led adaptation benefiting vulnerable communities, nor is there a sufficient ringfenced amount for public sector financing.</p>	<p>Noted. The refinement of the mid-term goals and associated resourcing scenarios is a key matter for further discussion by the Board. See response to AGN (row 8). The Secretariat will prepare a revised proposal.</p> <p>See response to similar comment on devolved financing goal in row 237 - in setting this target the Secretariat has taken account of what may be feasible given the current portfolio, pipeline and AE programming capacities.</p>

Proposal - analysis required	Mid-term goals	12	Mid-term goals	Observers	In the table on 2030-2035 targets and goals, under the heading 'just ecosystem transition', it should be made clear (as is spelled out in Annex I) that millions of hectares of terrestrial and marine ecosystems (pristine nature areas, not just any areas) are to be conserved. The focus on just food system transition for smallholder farmers is welcome, but will likely be much more adaptation (food security) focused than the subsequent narrative proposes. Small-scale fisheries (SSFs) also play a critical role in supporting livelihoods, nutrition, and food security. We also would like to see a focus on SSFs and climate resilient fisheries included to contribute to a broader food system transition both on land and at sea. For a real paradigm shift in agricultural emissions the focus needs to be on industrial agriculture and food production systems (including those such as cattle ranching and soy production accelerating deforestation), which drive climate change and which are not addressed under this objective.	Noted. The refinement of the mid-term goals is a key matter for further discussion by the Board. See response to AGN (row 8). The Secretariat will prepare a revised proposal.
Question / technical clarification	Cross-cutting	NA	Locally-led action	Observers	The proposed renewed focus on increasing devolved financing with a suggested 2-2.6% of the expected replenishment resources is way too small. We are concerned with the failure to center human rights in this draft, noting the responsibilities of GCF recipient countries and implementing partners to center human rights in implementing the Paris Agreement. Instead, the draft plan proposes a downward harmonization of 'substantial equivalence' by suggesting accredited entities in the future could apply their own systems and policies, thus undermining the GCF as a best-practice standard setter on policies and frameworks related to environmental and social safeguards (ESS), gender, Indigenous Peoples, and redress and complaints procedures. As the GCF notes in this draft, it is only one actor in the wider climate finance landscape working in partnership with others (para. 11), and the GCF should use its role to build-capacity and harmonize standards upward for more transformative and effective climate action.	<p>In relation to the proposed programming amount for devolved financing approaches, the Secretariat notes this would be a significant scaling up of the current portfolio, and require proactive programming engagement to promote uptake by AEs.</p> <p>In relation to emphasis placed on human rights, divergent views have been expressed by Board members on this point, although the Secretariat has noted the current references are fully aligned with approved GCF policies.</p> <p>In relation to the study on policy equivalence, this reflects the mandate recently created by the Board through decision B.34/19, which is premised on maintaining best practices.</p>
Question / technical clarification	Introduction	3	Instruments	Observers	It is jarring to see the acknowledgement of the unjust debt burden of developing countries, exacerbated by the COVID-19 pandemic, and the consequence of being beholden to debt service instead of investing in climate action, without the necessary corollary that the majority of climate finance should be provided as grants, including as full-cost finance in the context of public sector adaptation measures. This description of a problem is utterly lacking the clear, just response of confirming that grant-based finance will remain at the core of the GCF's concessional finance provision.	Like the current USP, DRF.01 is premised on GCF deploying the full range of financial instruments at its disposal, supporting countries working with AEs to choose the instrument best adapted to the investment need. This will include continuing to direct a substantial share of GCF funding through grants, but it will also include expanding deployment of risk-mitigation instruments that can better attract wider sources of funding at scale to meet developing countries financing needs, which far exceed the available scale of public/grant resources.

Proposal - language amendment	Strategic objectives	16, 17	Innovation; local and traditional knowledge	Observers	<p>Several comments on Objective 2:</p> <ul style="list-style-type: none"> - While this draft is far clearer than the previous iteration of the strategic plan, there are a number of places where jargon obscures the meaning. For example, in paragraph 16, in discussing where capital has flowed, it is not clear what “93% of climate venture capital flowing mostly to 10 hubs” refers to. If these “hubs” are actually 10 countries (or 10 cities, or 10 sub-regions), it should say so to ensure that there is a clear understanding as that will help in guiding GCF planning and being realistic about the contribution the GCF can make in this landscape. - The framing of this objective throughout paragraph 17 seems to overwhelmingly equate innovation as mainly happening in the private sector and its related financing approaches [paragraphs 17(b), 17(c), 17(f)]. In doing so, this framing fails to highlight innovation in the use of public funding approaches, such as preemptive direct cash transfers to individuals or communities as a way to build resilience or anticipate climate losses and damages. This should be corrected in subsequent drafts. - Paragraph 17 should better focus on scaling up proven, effective solutions especially from indigenous peoples and local communities based on local and traditional knowledge. It should not allow for the funding of unproven technologies or technologies that serve primarily to prolong the fossil fuel economy. There should be more explicit mention of women and gender in this objective. - In paragraphs 17(f) and (g), the draft again prioritizes a certain type of risk and a certain definition of innovation instead of truly appreciating the potential of direct access and grant-based finance flowing to local communities as the innovation currently necessary. Insurance is not an appropriate investment for the vast majority of communities the GCF does and should serve and there is a high risk that it only fosters further indebtedness for vulnerable groups without building resilience, while allowing profits to flow away from communities. To put such suggestions directly below paragraph 17(e) does not suggest the recommendations of the IPAG will be given due consideration; the IPAG role indeed seems relegated to identifying individual solutions rather than being able to comment on the systemic directions proposed by the GCF in prioritizing “novel approaches” and “educated risks.” Limiting the context in which the IPAG can comment, and prioritizing approaches that are not aligned with Indigenous demands will only result in the continued under-valuing, under-funding, and under-mining of these solutions from Indigenous Peoples and local communities. See also paragraph 21(f) for the same misguided 	Noted. The Secretariat will endeavour to incorporate non-contentious edits in the next revised draft, including to appropriately reflect the role of IPAG noting that the mention here is designed for emphasis and not to limit IPAG's the scope of IPAG's advice.
Comment - no action required	Cross-cutting	NA	Gender, indigenous people, local communities; ESS	Observers	We welcome the attention paid to gender, increased engagement with civil society and Indigenous Peoples, and locally-led solutions.	Noted
Proposal - analysis required	Strategic objectives	14,15	Direct Access	Observers	The focus in paragraph 14 on using the GCF RPSP to address investment capacity gaps is welcome, but too narrow. For example, objective 1B focuses on strengthening direct access entity programming capacities without including a corresponding objective with goals and targets for increasing direct access entities' share of approved programming finance elsewhere in the proposed strategic plan (such as a target 4 percentage/doubling the amount of GCF-1 etc). The envisioned RPSP-window for direct access entities, and peer-learning mechanisms for DAEs, while relevant, are likely not enough. Instead, for example, targeted/exclusive Requests for Proposals (RFPs) and stronger PPF-support are needed.	See responses to AGN (row 11) and Den/Ne/Lux (row 54). The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. The Secretariat notes that goals for Direct Access are included both in para 12 (programming goal) and para 24 (operational goal).
Proposal - language amendment	Vision	11	Complementarity & coherence	Observers	The “respective strength of partners” should explicitly discuss accredited entities as key partners. These collaborations are one of the GCF's most powerful tools, and it should use them to strengthen climate action that puts people at the center. It is also highly inappropriate to highlight the role of the Climate Finance Lab on equal terms with GCF-sister funds under the UNFCCC and Paris Agreement (the GEF and the Adaptation Fund). While nimbleness and experimentation is appreciated, this is not only displayed through financial innovation but through innovative approaches in engaging and empowering stakeholders such as local communities.	Noted. The Secretariat can make clarifications emphasizing the critical role of AEs as partners in a revised draft.

Proposal - language amendment	Strategic objectives	15	Climate investment capacity	Observers	<p>Several comments on Objective 1:</p> <ul style="list-style-type: none"> - In paragraph 15(b), the emphasis on differentiation to prioritize access for developing countries who have not yet accessed resources or are generally challenged in doing so is appreciated. - In paragraph 15(c), the NAP Global Network should be identified alongside the NDC Partnership as a key institutional partner to support development of climate plans and policies. - In paragraph 15(e), climate risk and vulnerability assessments must include considerations of intersectional risk that arises from identities associated with gender, race, ethnicity, class, disability, education, and geography, inter alia. - A focus in paragraphs 15(g) and (h) to more inclusively define country-ownership and support inclusive and participatory proposal development and implementation processes as well as use RPSP funding for improving gender equality and rights-based approaches into climate investments (quality-at-entry) is welcome, but it seems this focus is not carried over in programming and implementation priorities outlined in other objectives (quality-in implementation and of impacts). Specifically, a results tracking tool (RTT) for GCF-2 impacts must track gender equality and human rights outcomes of activities funded during GCF-2, something that has been entirely lacking during GCF-1. 	<p>Noted. The Secretariat will endeavour to incorporate non-contentious edits in the next revised draft; noting some of these comments speak to a more detailed level of implementation than what is captured in the USP.</p>
Proposal - Sticky issue	Introduction	2	Ambition	Observers	<p>The mention of “reach[ing] carbon neutrality or net-zero emissions by or around midcentury to stay within the Paris Agreement goals” must be refocused to explicitly emphasize support for climate ambition and action that limits temperature rise to 1.5 degrees Celsius by 2030. This is a critical decade for addressing the climate crisis, which is already wreaking havoc and harming people and their environment. Civil society and scientists have long critiqued the approach of shifting attention to 2050 and lifting up “net-zero” commitments, many of which lack substance, as doing so undermines the imperative of urgent action. A GCF that holds up a series of plans to reach net-zero by 2050 instead of a series of projects and programmes designed to immediately reduce emissions and build resilience will not be contributing substantively to climate action.</p>	<p>To be further discussed by Board, as different views have been presented on whether to express stronger ambition than DRF.01 or reflect agreed COP/UNFCCC/GI language</p>
Proposal - Sticky issue	Cross-cutting	NA	Vision; Greening finance	Saudi Arabia	<p>Some key takeaways from the IEU’s contribution to the second performance review of the GCF include low board member capacity and resources, polarization of board members based on constituencies, understaffing and overworking of the secretariat, variable performance levels of the secretariat, incoherence and at times contradicting strategic priorities within the fund, poor definition of co-chair and adviser roles within the board, and variable institutional capacities of accredited entities and NDAs.</p> <p>These issues in our view lie at the heart of or contribute to many of the GCF’s shortcomings, such as issues related to access, accreditation, prioritization and approvals, with a wider and more critical issue of adequate resourcing. It is clear from assessments, that capacity and resources at the fund are restrained and must be appropriately prioritized in line with the fund’s country-driven approach. Without such issues being effectively addressed, it will be difficult for the fund to effectively implement its current ambitions, let alone divert and expand its operations into different activities. The strategic plan must be practical and the development of the plan should therefore consider the capacity and capabilities of the fund as well as its parameters as outlined by its governing instrument in the development of the plan rather than solely considering these factors retrospectively.</p> <p>With the above in mind, it is concerning that the secretariat is proposing for the fund to be involved in a wider array of activities, some that we struggle to associate with the governing instrument, rather than focus on improving areas in which the fund currently operates. The fifth medium term strategic objective in particular “greening financial systems” is not appropriate unless in the context of enabling developing countries to better gain access to sustainable finance in line with their priorities.</p> <p>Additionally, an increased focus on catalyzing resources is not appropriate as a priority against the backdrop of shortcomings in various areas within the current plan related to the provision of support, such as the imbalance between mitigation and adaptation funding that is mandated by the governing instrument</p>	<p>Noted. DRF.01 has been informed by the initial findings of the Second Performance Review as available to date and will continue to be informed by the Board’s consideration of the final findings and recommendations. The Secretariat agrees with one of the key findings/recommendations of the SPR, which is that the GCF needs to make clearer strategic choices about its positioning and priorities, informed by consideration of trade-offs, feasibility and capacities; this will in turn help guide refinement and improvement of the Fund’s operational modalities.</p> <p>The Secretariat agrees that the USP can be a key vehicle through which the Board makes those strategic choices for the Fund. The range of proposed objectives and activities included in DRF.01 reflect the wide range of inputs collated through the extensive consultation process on the review and update of the USP. Following the Board’s guidance at B.34, the Secretariat has endeavoured to structure these inputs into a more logical set of goals, objectives, and operational and institutional priorities, to better help the Board have a conversation about where the GCF should be committing its resources, and what the appropriate scope, focus and balance between different objectives should be.</p> <p>In particular, the Secretariat notes that divergent views have been presented as part of this round of Board comments on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance; as well as on the balance between private sector and other goals. These are matters for further discussion by the Board.</p> <p>The Secretariat stands ready to support the Board in developing further analysis on resourcing, feasibility and trade-offs to inform further Board discussions</p>

Proposal - Sticky issue	Cross-cutting	4; 9; 10; 12; 16;	Vision; Ambition	Saudi Arabia	Multiple line edits emphasizing: - GCF's primary role as a climate finance delivery mechanism providing support to countries - the need to contain all GCF investment and support strictly within the realm of implementing current NDCs, NAPs, LTS, ACs and other national strategies and not seek to align or explicitly reference other global 2030 investment pathways	To be further discussed by Board, as different views have been presented on whether GCF's overall role should be characterised principally as a climate finance delivery mechanism, or extend to seeking more transformational and catalytic impact
Comment - no action required	Cross-cutting	NA	Vision	Saudi Arabia	The Green Climate Fund's Strategic Plan should be overarching, comprehensive, realistic, and should set clear expectations to all relevant stakeholders for the upcoming period 2024-2027. Given that the GCF has a current Strategic Plan, and that independent assessments of the performance of the fund against strategic priorities has been conducted, the logical approach to the Updated Strategic Plan should focus first and foremost on addressing critical areas of improvements and leverage insights into the operational issues at the fund.	Noted.
Proposal - Sticky issue	Vision	10	Vision	Saudi Arabia	GCF seeking to realize its vision by "both channelling its resources to developing countries to address barriers to climate investment and catalyzing wider sources of finance to meet the scale of countries' investment needs" is a step beyond what is currently possible given resources and staff as well as board capacity.	This sentiment reflects paragraph 3 of the GI. The appropriate balance of focus for GCF between 'channelling' and 'catalyzing' is a key issue for further Board discussion, as divergent views have been expressed on this matter.
Question / technical clarification	Introduction	5 b), 12	Targets; Timelines	Saudi Arabia	Several comments on the nature and effect of the mid-term goals especially in relation to country obligations: - With reference to section 5b): "In the governing instrument, I only see reference to setting in place measurements of results. There is no reference anywhere in the governing instrument that the board will itself set targets – this is a clear progression from merely "The Fund may employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate" - On the 2030-2035 goals, on what basis is the GCF placing these targets on developing countries?	The Secretariat developed the proposal on mid-term goals in line with the guidance given by the Board through decision B.34/09, including the attached Co-Chairs summary and ad referendum draft. Both the 2027 and 2030/35 goals are not intended to place targets on developing countries, but to reflect the contribution in terms of climate results that GCF may be able to make to implementation of developing countries NDC/other climate strategies, and global pathways to address climate change. The refinement of the mid-term goals is a key issue for further discussion by the Board; and the Secretariat will prepare a revised proposal to more clearly reflect the distinction between (i) mid-term pathways for 2030/2035 that are derived from global commitments, global pathways and NDCs, which GCF will 'contribute to'; and (ii) specific goals that GCF could achieve in the period to 2027 with GCF-2 resourcing. See further response to AGN (row 7)
Question / technical clarification	Cross-cutting	15 e) f); Mid-term goals table; 18	Systems transition	Saudi Arabia	Multiple line edits removing reference to 'systemic' approaches or 'systems' transitions, and replacing with 'effective' in the context of programming or 'country-driven' and 'country-wide' in the context of national investment planning	The references to systems transitions reflect the latest scientific guidance from the IPCC AR6, and build on the inputs received captured in the review and update of the USP presented at B.34. The draft reflects that these systems transitions should also be country-driven and just transitions, as reflected in the latest COP decisions from Sharm el Sheikh.
Proposal - Sticky issue	Strategic objectives	20; 21 a-g)	Systems transition	Saudi Arabia	Multiple line edits proposed: - removing references to the need to move towards systemic responses - emphasizing need to promote paradigm-shift in a manner that "addresses trade-offs with intersecting sustainable development priorities such as food security and energy access in line with national development and climate action plans. Second, there is a need to promote the paradigm shift towards climate resilient development, ensuring that countries, including their economies, are prepared for the adverse impacts associated climate change" - removing referenced to GCF's catalytic role in using scarce public resources to mobilize financing from the widest possible sources and reframing GCF's role per the GI in contributing support as well as catalyzing wider support to address the shift trillions in private sector flows needed. - removing references to new asset classes or markets for climate goods, instead refocusing deployment of blended finance on addressing developing country needs - types of sectors or priorities GCF could support - reframing pipeline programming as country priority driven programming	To be further discussed by Board, and divergent views have been expressed across the issues of: (i) focus on systemic/transformational approaches (ii) GCF's catalytic role (iii) prioritization. The Secretariat will endeavour to make non-contentious language changes in the next revised draft.
Comment - no action required	Cross-cutting	NA	Structure	Saudi Arabia	While we have provided recommended changes to work with the draft provided by the secretariat, it is important to note that the secretariat must reconsider its approach to the development of the plan. The plan must be: 1. Realistic and practical: considering current and expected resources across the secretariat, board, pledges etc. 2. Effective: leading to increased country-ownership and to enhanced access to resources in	Noted.

Question / technical clarification	Strategic objectives	19 c) d)	Locally-led action	Saudi Arabia	Line edits provided on reformulating locally-led action around country-led action	Specific reference to locally-led action has been made here to indicate an intent to pursue programming that is both country-driven, but also led by local, affected and vulnerable communities. GCF has many successful examples of both EDA and IAE-led locally led adaptation approaches in its portfolio.
Question / technical clarification	Institutional & operational	25 c) i)	Knowledge	Saudi Arabia	Line edits removing: 'intensified focus on extracting and sharing learning from programming'	This reference is intended to be consistent with GI 23(l) on knowledge management, and reflects inputs received through the consultation process that GCF should improve both communication about its results and sharing lessons learned, in order to better support developing countries in programming
Question / technical clarification	Strategic objectives	16	Innovation	Saudi Arabia	Question on GCF's role in innovation and <i>"serving as an accelerator, helping remove barriers that will allow home-grown innovation to flourish, as well as promoting widespread adoption of promising solutions, with a focus on adaptation and ecosystem-based approaches"</i> : "I'm not sure where the justification lies for the GCF to engage in this type of action... couldn't find it in the GI – perhaps it was agreed elsewhere?"	The GCF has received various elements of COP guidance in relation to supporting technology collaborative research and development in developing countries, which includes climate technology innovation systems and targeted climate technology research, development and demonstration support (see eg Decision B18/03). In the same decision the Board requested the Secretariat to develop an RFP to support climate technology incubators and accelerators. A growing share of the GCF portfolio also supports innovation in business models, particularly for adaptation goods and services, and drawing innovation from indigenous and local knowledge and practices. This Objective seeks to provide a framework for these various technology and innovation related goals/activities.
Proposal - Sticky issue	Cross-cutting	1,2,4	Greening finance	Saudi Arabia	<p>A thorough review of the draft updated strategic plan for 2024-2027 is needed to ensure that the fund does not engage in activities that set policy, set standards for policies, or aim to achieve an action in itself (such as playing any role in the standardization of climate approaches or green taxonomies) as these types of efforts are not in line with the governing instrument. We reiterate the need for the fund to remain within its primary and most important function, which is namely to provide support that enables developing countries to implement projects as per their national climate action plans and defined priorities. As such the fund must remain as a vehicle to enable the delivery of the means of implementation to developing countries, rather an entity that establishes 'best practices' or 'standards.'</p> <p>In that sense the fund does not aim to increase the integration of climate related risks within entities in a given country, but rather it should support countries to implement policies they have identified that align with their national circumstances to better gain access to sustainable finance. The fund must proceed with caution to ensure that the ambitions set out in the updated strategic plan actually lead to an increase in finance/funding in developing countries. There is no empirical evidence that we are aware of that stipulates that the mainstreaming of climate-related risk assessments within a country leads to increased funding, in fact it very well may be the case that doing so will lead to decreased investments in many developing countries that are set to face the brunt of climate change impacts.</p>	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to integrating climate risks, portfolio climate mainstreaming and alignment, and GCF's role in supporting development of green taxonomies, policies etc

Proposal - Sticky issue	Strategic objectives	22; 23a); d) e) f)	Greening finance	Saudi Arabia	<p>Multiple line edits oriented at refocusing the goal around enabling access to finance. Line edits removed references to:</p> <ul style="list-style-type: none"> - redirecting savings for climate programming and the nature of savings (i.e. domestic, global) - promoting adoption of low-emission, climate resilient solutions, with support offered primarily for implementation of national climate plans - support capacities for incorporating climate risks into investment decision-making (goal 5A formulation) - supporting DAEs assess climate physical and transition risks in their wider investment portfolios, and to mainstream climate into lending and investment decisions; instead to "identify opportunities within their jurisdiction for investment in line with national climate action plans, including by supporting the mainstreaming of the national climate action plan across government entities and regulatory authorities, increasing awareness and building capacity and provide funding to implement identified actions determined by domestic actors to address needs they identified" - supporting development or adoption of methodologies that can help green finance, including on assessing exposure to climate-related risks, climate disclosure standards, green taxonomies, methodologies for pricing climate-related risks, incorporating climate in valuation methodologies, or approaches to originate and appraise climate investments - collaborations with other actors engaged in greening finance to collect and share knowledge and tools - using accreditation, instead formulating a goal around investigating challenges faced by developing countries in accessing green finance 	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to integrating climate risks, portfolio climate mainstreaming and alignment, and GCF's role in supporting development of green taxonomies, policies etc
Proposal - language amendment	Cross-cutting	NA	GI/UNFCCC/PA/COP	Saudi Arabia	Multiple line edits to align text fully with Governing Instrument, UNFCCC/Paris Agreement, COP decisions	Noted, the Secretariat will endeavour to align language with the GI, Paris Agreement and COP decisions in a revised draft, while keeping the draft streamlined by avoiding lengthy quotes.
Question / technical clarification	Cross-cutting	NA	Gender, indigenous people, local communities; ESS	Saudi Arabia	<p>Line edits proposed on:</p> <ul style="list-style-type: none"> - removing references to rights-based approaches and engaging with affected communities, indigenous people and private sector - references to 'do-no-harm' measures and improving safeguarding outcomes (para 25) 	Secretariat notes that these references reflect approved GCF policies.
Proposal - language amendment	Cross-cutting	NA	Country ownership; Direct Access; Prioritization	Saudi Arabia	<p>Below are key areas that should have more emphasis in the Updated Strategic Plan:</p> <ol style="list-style-type: none"> 1. Above all the most important area we would like enhanced focus on is strengthening country-ownership and a clear path forward in better defining country-ownership and how the fund aims to achieve this 2. The fund shall achieve a balance between mitigation and adaptation funding in line with, first and foremost, the priorities of a given country to ensure that the fund's activities remain country-driven 3. Strengthening developing countries' capacity to undertake planning and programming, aligned with their NDCs, ACS, NAPs and other national climate strategies and incorporating broad based and inclusive stakeholder engagement 4. Ensuring GCF programming capacity and pipeline development is guided by a country-driven prioritization of the most meaningful investments for countries in relation to their plans in their respective national and regional contexts 5. Supporting national and regional DAEs to play a more prominent role in GCF programming and channel significantly more GCF funding 6. Improving predictability and accessibility of support through the Readiness and Preparatory Support Programme (Readiness Programme) and Project Preparation Facility 7. Building the programming and implementation capabilities of national and regional DAEs 	<p>Noted. The Secretariat had intended to capture many of these elements under Objective 1, but will endeavour to strengthen the language in a revised draft.</p> <p>The matter of project prioritization is a key issue for further discussion by the Board, as divergent views have been expressed on this topic. See further response to Den/Ne/Lux (row 7)</p>
Proposal - language amendment	Strategic objectives	14; 15 a) c) g) h)	Climate investment capacity	Saudi Arabia	<p>Line edits proposed on:</p> <ul style="list-style-type: none"> - removing references to enabling environments for NDC implementation - basing national investment planning on relevant rather than best-case examples 	Noted. The Secretariat will endeavour to make non-contentious language changes in the next revised draft. Divergent views have been expressed on the matter of support for enabling environments.
Proposal - language amendment	Strategic objectives	18; 19b)	Adaptation	Saudi Arabia	<p>Line edits proposed on:</p> <ul style="list-style-type: none"> - indicating need to achieve adaptation:mitigation balance; strenghtening ambition to provide and catalyze scaled up support for adaptation - removing reference to complementarity with other Funds, in context of loss and damage 	Noted, the Secretariat will endeavour to make non-contentious language changes in the next revised draft. Further guidance from the CC/Board is needed on the scope of GCF's engagement on loss and damage with reference to new arrangements agreed at COP27.

Question / technical clarification	Institutional & operational	24c)	Access (harmonization)	Saudi Arabia	Line edits removing: section on harmonization 24	The Secretariat notes that many of the actions described here reflect actions based on Board decisions (eg AE policy reliance study) or the implementation of approved policy frameworks (eg framework on complementarity and coherence). There was also strong interest in better harmonization expressed through the inputs to the review of the USP. To be further discussed by Board to pinpoint which particular elements may be problematic.
Proposal - language amendment	Institutional & operational	24 e)	Access	Saudi Arabia	Line edits proposing an additional operational priority around "Build the fund's resources to enable the fund to adequately engage with countries on the ground to better understand their needs and priorities"	Noted. The Secretariat will endeavour to build this proposal into a revised draft. One question for further discussion by the Board is to what extent this dovetails with the proposal on regional presence.
Comment - no action required	Cross-cutting	NA	Structure	South Korea	Korea believes that this process of updating the Strategic Plan will serve as a critical milestone for the GCF to become a more effective, accessible and efficient fund. In general, Korea appreciate that this draft is more ambitious, innovative and results-oriented compared to the the previous ones.	Noted.
Comment - no action required	Strategic objectives	NA	Structure	South Korea	Korea believes the programming objectives will have to be revised accordingly once a Board-wide agreement is reached on the mid-term goals, and would like to provide its comments thereafter	Noted. This follows the revised logic of the USP-2.
Proposal - analysis required	Implementation & Review	NA	Results measurement	South Korea	Korea welcomes the first effort to include a dedicated chapter on implementation and review, as tracking the progress on the implementation of the Strategic Plan will enhance its effectiveness. Thus, Korea would like to see the review plan further elaborated, in particular the detailed plan on developing an updated results tracking tools indicated in the draft.	Noted. An updated results tracking tool will be developed in the later maturity stages of the draft once directions from the Board are clearer.
Proposal - analysis required	Mid-term goals	NA	Mid-term goals; Resourcing	South Korea	Korea is concerned that the mid-term goals listed in this draft are not directly linked to the GCF replenishment period in terms of contents or timeline. The goals listed seem to be more related to international climate initiatives to which the GCF can contribute as a part. Korea is of the opinion that the mid-term goals should focus more on what the GCF can achieve as a main player, since this is the strategic plan of the GCF. International initiatives, which are undeniably important can be incorporated into the plan through a separate goal on collaborating with other climate initiatives. With regard to the timeline, it is rather confusing to have multiple timelines, which is why we would like to propose limiting the timeline of the goals to 2027, so that the timeframe is aligned with the 2nd replenishment period, 2024-2027	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal and resourcing scenarios
Question / technical clarification	Mid-term goals	NA	Mid-term goals	South Korea	We would like to know the rationale behind the numbers set in the mid-term goals, such as 'over 50 new incubators or accelerators', 'over 1000 start-ups or MSMEs', ' more than 20 of the most at-risk countries', 'over 50 new green banks', 'over a quarter of the world's 500+ million smallholder farmers', etc. to check and verify their relevance.	<p>Building on guidance from the Board at B.34, the Secretariat took in account a number of factors in attempting to identify specific, measurable and relevant mid-term goals, including (i) countries NDCs (ii) global pathways (iii) GCF portfolio performance/baselines/impact metrics (iv) measurability (v) resourcing assumptions. Annex I sets out a summary analysis of these factors, which has been used to inform the selection of the proposed goals. The analysis was limited by the availability of data - for some targets (energy, smallholders, ecosystems) substantial portfolio baselines/pipeline data was available, while others extrapolate limited portfolio/pipeline data(i.e. for incubators/accelerators; start-ups or MSMEs; green banks). Specifically, and as further detailed in Annex I:</p> <ul style="list-style-type: none"> - 'over 50 new incubators/accelerators'/'1000 start-ups or MSMEs' - based on the assumptions that (i) an RfP on technology incubators/accelerators for 200-300m would generate about 10 FPs, each of which would support the creation of between 2-6 incubators/accelerators (ii) the GCF could program about 10 FPs for 500M+ on early-stage finance, with each FP reaching 100+ MSMEs. - 'vulnerable communities in more than 20 of the most at-risk countries' - based on the assumption that looking at the portfolio of devolved financing mechanisms to date (eg FP193, FP184, FP169, FP061, FP024 - total 9 FPs), the GCF could attempt to approximately double its reach to 20 countries, at an average project size of \$20 million (i.e. 400m total programming). This is a significant scale-up that would depend on dedicated origination efforts. - 'over a quarter of world's 500+ million smallholder farmers' - reflects an agriculture portfolio baseline that has reached over 140 m beneficiaries (approx. 35 million smallholder households) with USD 1 billion. Projecting these impact metrics across future portfolio indicates GCF could reach over 100 M smallholders based on an assertive resourcing assumption of 2-2.5 B programmed in this areas through to 2030. - 'over 50 green banks' etc - based on the assumption that the GCF could reach up to 40 countries through readiness and up to 20 via FPs for green finance initiatives

Proposal - analysis required	Mid-term goals	NA	Direct Access	South Korea	Korea has stressed the importance of strengthening support for Direct Access Entities. However, it is our assessment that the direct access issue has not been reflected properly in the current draft. Doubling the number of Direct Access Entities is not enough to build their climate investment capacity. A more systematic and on-demand approach is needed (e.g. expanding financial and technical support for DAEs' preparation of funding proposals especially through the Project Preparation Facility (PPF), enhancing speed and predictability of the accreditation and approval processes for DAEs, etc.).	The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Access. See further response to AGN on Direct Access (row 11)
Proposal - analysis required	Cross-cutting	NA	Direct Access	South Korea	Direct Access should be a separate operational goal that is given the same emphasis as speed and simplicity in order to enhance developing countries' access to GCF resources.	<p>The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board. Members have expressed different perspectives on what the overall ambition of the GCF should be with regard to Direct Access. See further response to AGN on Direct Access (row 11)</p> <p>The Secretariat notes that in the current DRF.01 Direct Access goals are presented both within the programming goals (i.e. as part of the mid-term goals and strategic objectives, to capture desired increase in DAE programming/DAE capacity as an end in itself) and as an operational goal (i.e. within Section V, to capture expansion of the DAE partnership network as a means toward the end).</p>
Proposal - language amendment	Institutional & operational	NA	Communications & Outreach	South Korea	Korea would also like to take this opportunity to stress the importance of outreach. In our view, the GCF is not as widely recognized as it should be, being the largest climate fund in the world. Thus, Korea propose to set outreach as one of the operational goals so that the GCF can expand its outreach programs, promote and share its achievements and engage more actively with various stakeholders.	Noted. The Secretariat will endeavour to strengthen the language on communications and outreach in a revised draft
Comment - no action required	Strategic objectives	NA	Systems transition	Sweden	Objective 4: forging coalitions for just systems transitions. The importance and magnitude of this objective is hard to overestimate, and it speaks to the convergence of climate and development policies. We welcome that the GCF positions itself at the center court of Government policies and actions, and while preserving the integrity of its mandate, contributes the critical climate dimension and expertise. The text rightly points to GCF position to help developing countries build public-private investments collaborations to maximize for their climate ambitions.	Noted.
Comment - no action required	Cross-cutting	NA	Structure	Sweden	As a general comment, we found the document to be well structured. The various layers of long term vision, mid-term goals, program objectives and operational priorities are clearly defined. We welcome the direction of the strategy as outlined, as well as the various goals and objectives.	Noted.
Proposal - analysis required	Mid-term goals	NA	Mid-term goals	Sweden	The current five mid-term goals are divided into two timelines. Three of the goals are by 2027 and two are by 2030. While the first three are quite specific and narrowly defined, the two latter have a wider scope. This raises the question to what extent they are interlinked, and whether we could confidently argue that the 2027 goals will pave the way for the 2030 goals. We would prefer more ambitious language on the goals by 2027, while we believe that the two goals by 2030 – Coalitions for systems transitions and Greening Finance – are key ones of paramount importance.	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal.
Proposal - Sticky issue	Strategic objectives	NA	Innovation; Private sector	Sweden	Objective 2: accelerating innovation of new climate solutions. We welcome this objective as an important one. We like to see a stronger emphasis on private sector engagement.	To be further discussed by Board, as divergent views have been presented on the extent to which the draft should emphasize innovation and private sector engagement, and whether this should be increased or reduced.
Proposal - Sticky issue	Strategic objectives	NA	Greening finance	Sweden	Objective 5: greening financial systems: we strongly support this as being one of the five objectives and agree with the elements mentioned to support this objective. However, we like to see a more ambitious approach, which not only address incorporating climate risks but moves towards fully aligning operations by financial institutions with the Paris Agreement and setting up enabling policy environments.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, particularly with respect to portfolio climate mainstreaming and alignment
Proposal - Guidance needed	Strategic objectives	NA	Fragility & Conflict	Sweden	Objective 3: building resilience to urgent climate threats, is an important one, and so is the reference to "countries that are particularly vulnerable to climate impacts including SIDS, LDCs and African States". In this context, it is to be noted that fragile and conflict affected states are confronted with their own particular challenges. Climate threats bring their own security related risks. And states affected by conflicts often lack capacity to deal with these threats. We would welcome a particular subparagraph addressing the issue of climate related security risks.	Noted. The GCF has not adopted a strategic policy stance on pursuing interventions in conflict-affected or fragile areas. While the vulnerability of populations in these areas cannot be doubted, specifically targeting GCF programming to these areas would have implications for GCF operations in terms of risk, partner capabilities to work in conflict-prone or fragile areas, and results/likelihood of project success. This is an area that merits further discussion by the Board, following which the Secretariat can adjust the text.

Proposal - Sticky issue	Strategic objectives	NA	Climate investment capacity	Sweden	Objective 1: to strengthening country climate investment capacity. The text rightly addresses the need to build capacity to translate NDC and other climate document into investment plans/programs as they are key documents in terms of a State's obligation towards the Paris Agreement. However, building institutional climate capacity, should not only be confined to translate such documents into actions, but may very well be called for when it comes to general or sectoral development policies which will have clear climate impact. While we welcome the concrete listing of modalities, actions and partnership to support objective 1, they appear somewhat narrow and too technical. We would prefer a more ambitious approach which addresses the challenge to make the Paris Agreement an integral part of public administration and expenditures.	See responses to AGN (row 9) and China (row 31) on climate investment capacities. Differing views have been presented on the appropriate scope of GCF country investment capacity support, including on whether it should be principally directed to implementing NDCs/national strategies in climate programming (which may include integration through national development or sectoral planning processes), or adopt a wider focus on supporting national policy, administrative and financial system alignment with Paris Agreement. This is a matter to be further discussed by the Board, following which the Secretariat can make appropriate text adjustments
Proposal - Sticky issue	Cross-cutting	NA	Ambition	Sweden	As to the mid-term goals, we would prefer a more explicit approach towards investing in transformative projects and programs, reflecting the urgency to decarbonize economies and move onto a sustainable pathway in line with the Paris Agreement and with a reference to 1.5 degree Celsius. Such language should preferably be reflected in a separate mid-term goal by 2027.	To be further discussed by Board, as different views have been presented on how strongly the GCF should express ambition with respect to 1.5/ decarbonization vs reflecting agreed COP/UNFCCC/Ci language.
Proposal - Sticky issue	Strategic objectives	NA	Updating NDCs	United Kingdom	Objective should not only focus on implementing (often insufficient) NDCs but also on updating them.	To be further discussed by the Board, as different views have been expressed on whether the USP should more explicitly signal encouragement for an increase in the ambition of NDCs and GCF support for NDC updates, or maintain a focus on supporting the NDCs as communicated by developing countries
Comment - no action required	Cross-cutting	NA	Structure	United Kingdom	Welcome USP-2-draft. Draft includes a range of positive elements that Board can build on. Structure of the draft is strong, its more concise, and in line with what was agreed at B.34. Mid-term goals for 2027/30/35 go in the right direction, with a focus on climate resilience, climate investment capacities, climate solutions, just systems transitions and greening financial systems.	Noted.
Comment - no action required	Implementation & Review	NA	Review / update of USP	United Kingdom	Welcome overall commitment to review the USP2 annually at Board level and (under para c) to examine potential for AEs to apply their own systems while maintaining substantial equivalence to GCF policies.	Noted.
Comment - no action required	Implementation & Review	NA	Review / update of USP	United Kingdom	Welcome section VI on implementation and review including annual progress reporting and results tracking.	Noted.
Proposal - Sticky issue	Institutional & operational	NA	Regional presence	United Kingdom	Stronger propositions on regional presence also very important, as part of efforts to strengthen partnerships, improve access and through greater decentralisation.	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization/regional presence, or await the results of feasibility analysis.
Proposal - Sticky issue	Institutional & operational	25 d iii)	Regional presence	United Kingdom	Should be more propositional on considering options for a GCF regional presence under organisational capacity [section 5.2 para (d)]. This should also be signalled earlier in the document, under strategic objective 1. Good to see commitment to "Further its consideration of options for a GCF regional presence, to better support access and bring GCF closer to the countries it serves" [para 25d iii] – this could be more propositional	To be further discussed by Board, as different views have been expressed on whether or not the USP-2 should more assertively signal plans for decentralization/regional presence, or await the results of feasibility analysis.
Proposal - language amendment	Strategic objectives	NA	Programming approach	United Kingdom	We'd also welcome reference to further developing programmatic, platform and regional/supra national approaches for greater impact, scale, learning and risk management.	In the structure of DRF.01, programming modalities/approaches have been incorporated into the actions under related strategic programming objectives - eg there is particular reference to use of programmatic approaches covering both national and supra-national scales in Objective 4. The Secretariat can endeavour to strengthen language to this effect in a revised draft but would also welcome clarification of the proposal.
Proposal - language amendment	Strategic objectives	NA	Private sector	United Kingdom	Just systems transition/Objective 4: Positive objective, particularly strong on building public-private investment collaborations and de-risking private sector investment at scale. Positive elements on risk appetite. Could incorporate stronger elements on de-risking private sector investments in developing countries, particularly in areas where private sector investment does not conventionally flow (new asset classes, new markets etc), which would also contribute to paradigm shift.	Noted. The Secretariat notes that greater detail on private sector programming directions and modalities have been set out by the Board in the Private Sector Strategy, which emphasizes the significance of de-risking private sector. The Secretariat can make non-contentious language amendments to better reflect the intent on de-risking private sector in future drafts.
Proposal - Sticky issue	Strategic objectives	NA	Prioritization	United Kingdom	On project pipeline prioritisation, the draft should clarify how the GCF might prioritise FPs, reconsidering its "first come, first serve" approach.	See response to De/Ne/Lux on Prioritization (row 47)
Proposal - analysis required	Mid-term goals	NA	Mid-term goals; Resourcing	United Kingdom	There needs to be greater clarity on the relationship between different funding scenarios and the results to be delivered in the 2024-2027 period – perhaps an annex or separate document which more clearly models several different resource assumptions/scenarios and related results.	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal and resourcing scenarios

Proposal - analysis required	Mid-term goals	NA	Mid-term goals	United Kingdom	Draft currently lacks clear baseline/investment targets for specific sectors (e.g., adaptation). While GCF should avoid tensions/trade-offs resulting from specific quantitative targets, certain guidelines for GCF-2 can ensure (and demonstrate to others) that GCF financing flows into priority/high-impact areas.	See responses to Germany on on the same point on investment baselines (row 82)
Question / technical clarification	Cross-cutting	NA	Lessons learned	United Kingdom	Several comments in relation to more explicitly acknowledging and elaborating lessons learned from SPR and evaluations: - Draft needs to include clearer acknowledgement of where lessons have been learnt including from the IEU Second Performance Review and the evaluations of support to SIDS and LDCs. - Para 28 mentions IEU third performance review. Does USP2 take into account findings of IEU's second performance review? - Across the 'access' section, clear references to how the content responds to the emerging findings of the SPR, and also to the efficiency and effectiveness reforms identified in the work presented at B30. - On the access section: welcome commitments on harmonisation [section 5.1 para (c)]. Could point to learning lessons from the Taskforce on Access to Climate Finance which GCF and GEF are participating in; would also like to see specific commitment to learn lessons on access to SIDS from other players (e.g., MDBs).	DRF.01 has been informed by the initial findings of the Second Performance Review as available to date and will continue to be informed by the Board's consideration of the final findings and recommendations. In order to keep DRF.01 streamlined, the Strategic Plan focuses on forward-looking programming directions and operational actions; a fuller narrative on lessons learned and comparative advantage was included as part of the Review of the 2020-2023 Strategic Plan published at B.34 (GCF/B.34/INF.17), and will also be reflected in the management response to the SPR to be prepared for B.35.
Proposal - Sticky issue	Strategic objectives	NA	Innovation; Private sector	United Kingdom	Climate solutions/Objective 2: Focus on innovation, emerging climate technologies and de-risking is positive. Private sector engagement could feature more prominently here, given that private sector will play key role on innovation.	To be further discussed by Board, as divergent views have been presented on the extent to which the draft should emphasize innovation and private sector engagement, and whether this should be increased or reduced.
Proposal - Guidance needed	Institutional & operational	NA	Inclusion	United Kingdom	Welcome references to inclusion broadly and do no harm. We'd like to see a commitment by the GCF to developing a Disability Inclusion Policy and Action Plan enabling a more intersectional approach to reaching the most marginalised through programmes. o Suggest focusing on the following areas to better incorporate disability inclusion: early warning systems in country to be accessible, devolved financing for locally-led adaptation to include monitoring (disability disaggregation to ensure access for all), just energy transition (disaggregate by beneficiaries), just infrastructure transition (resilience planning should incorporate accessible design), just food systems transition (disaggregation by beneficiaries to ensure reaching the most marginalised). These thematic areas should consult stakeholders at country level with disabilities (e.g., Organisation of Persons with Disabilities (OPDs)).	Noted. This is a new proposal which merits further discussion by the Board.
Comment - no action required	Cross-cutting	NA	Greening finance; Adaptation; Access; Technology	United Kingdom	Some positive aspects of the draft include: o Strengthened resilience/adaptation support, including for SIDS and LDCs, as well as increased Readiness and Preparatory Support among the key priorities of the draft, each with dedicated mid-term goals and strategic objectives for 2024-27. o Improving access to GCF is listed as the top operational priority for 2024-27, incl. some positive suggestions on how to speed-up and simplify access and accreditation. o 2.1c/greening financial systems is addressed prominently (even though Art. 2.1c is not explicitly mentioned), with one of the mid-term goals for 2030/35 and one of the strategic objectives for 2024-27 focussing directly on greening finance. o Emphasis on accelerating clean technology development and deployment is welcome under objective 2, though further emphasis on the role of the private sector is needed.	Noted.
Proposal - Sticky issue	Strategic objectives	NA	Greening finance	United Kingdom	On greening financial systems, the draft could be clearer that GCF aims for a transformation of financial systems and for setting up enabling policy environments. Greening financial systems/Objective 5: Positive objective, good on incorporating climate risks into decision-making of financial institutions; access to green capital markets. However, it is not only about incorporating climate risks but aligning operations of financial institutions with PA and setting up enabling policy environments.	To be further discussed by Board, as divergent views have been presented on the appropriate scope, focus and degree of emphasis in the USP-2 on greening finance, including enabling policy environments, mainstreaming climate risks and PA alignment
Proposal - Sticky issue	Institutional & operational	NA	Governance	United Kingdom	On governance, the draft should include a clearer articulation of how improving GCF's governance structures can strengthen the GCF's impact and influence. Improving the agility, transparency and efficiency of the GCF's operating model is critical. Draft should build on key findings of the SPR in that regard.	DRF.01 has been informed by the findings of the Second Performance Review as available to date and will continue to be informed by the Board's consideration of the final findings and recommendations. SPR recommendations related to governance are to be further discussed by the Board, as divergent views have been expressed on these matters.
Proposal - language amendment	Institutional & operational	NA	Governance	United Kingdom	Welcome section V on operational goals and institutional priorities. This this could go further on increasing the agility of the GCF and Secretariat to effectively respond to priorities and potential trade-offs.	Noted. The Secretariat can endeavour to incorporate a stronger reference to improving institutional agility in a revised draft.

Proposal - Sticky issue	Institutional & operational	25	Governance	United Kingdom	Welcome commitment to clarify responsibilities / accountabilities and avoid overlap [para 25/a]. This should say more about expanding Between Board Meetings decisions and delegated authority to the Secretariat, building on recent analysis done by the 2022 Co-Chairs	To be further discussed by the Board, as different views have been expressed on governance matters, including delegated authority and BBMs.
Proposal - language amendment	Institutional & operational	25	Governance	United Kingdom	Would like to see a commitment to bring inclusion leads into the governance structures of the organisation either through iTAP or through appointing a designated inclusion champion/lead both at executive senior leadership levels and at board level. A Gender and Social Inclusion sub-committee of the board could also be created to monitor progress	Noted. The Secretariat can incorporate reference to inclusion champions, subject to views expressed by other Board members. The Secretariat has recently reorganized its Office of Risk Management and Compliance to institute a separate Office of Sustainability and Inclusion, reflecting the growing size and responsibilities of this team with respect to both programming and operations.
Proposal - analysis required	Cross-cutting	NA	Feasibility & trade-offs	United Kingdom	Draft could be clearer on trade-offs/tensions to be resolved by the Board and the choices to be made about what the Fund will (and will not) focus on during its next period of operation. Linked to this, further clarity on the results to be delivered in different funding scenarios would also be helpful.	Noted, the Secretariat is aiming to develop further analysis on resourcing, feasibility and trade-offs to inform the March 1 workshop The Secretariat will also prepare a revised proposal on the mid-term goals, accompanied by resourcing scenarios analysis. See response to AGN on mid-term goals (row 8)
Proposal - Sticky issue	Strategic objectives	NA	Climate investment capacity	United Kingdom	On climate investment capacities, some of the activities listed under strategic objective 1 for 2024-27 seem rather basic (e.g., developing country ownership guidelines, contributing to technical guidance on NDCs) and could be increased in terms of transformative ambition. Climate investment capacities/Objective 1: Welcome strong focus on readiness and preparatory support, incl. commitments on improving speed of access to readiness support. However, would like to see stronger language and ambition here. Objective should not only focus on implementing (often insufficient) NDCs but also on updating them. Moreover, list of activities under objective 1 not transformative – it's possible that all of the objectives here could be met, and all sub targets/actions achieved, and climate considerations still not being fully embedded/mainstreamed within economic governance and public financial management processes as they need to be to achieve goals of PA.	See responses to AGN (row 9) and China (row 31) on climate investment capacities. Differing views have been presented on the appropriate scope of GCF country investment capacity support, including on whether it should be principally directed to implementing NDCs/national strategies via climate programming , or adopt a wider focus on supporting national policy, administrative and financial system alignment with Paris Agreement. This is a matter to be further discussed by the Board, following which the Secretariat can make appropriate text adjustments
Proposal - language amendment	Strategic objectives	NA	Climate & Nature	United Kingdom	Several comments in relation to the treatment of nature/KMGBF: - On nature and forests, the role of nature-based solutions in supporting adaptation and mitigation outcomes (as well as wider biodiversity goals) needs to be explicitly recognise in the main text, and should be embedded as a key theme to this end. - Would be good to see stronger references to nature and forests. This features under the mid-term results in Annex 1 (just food and ecosystems transitions) but barely registers in the main USP2 text. - Would welcome a commitment to align the GCF portfolio with the Kunming-Montreal Global Biodiversity Framework including through increasing and integrating co-benefits for nature and reporting to the Board against biodiversity and desertification Rio markers. - Would like to see reference to embedding nature-based solutions as an important approach for adaptation and mitigation and ensuring GCF policies include safeguards for the environment and biodiversity in line with international standards.	See responses to Canada (row 26) and France (row 74)
Proposal - language amendment	Cross-cutting	NA	Ambition	United Kingdom	Need for greater clarity and ambition on the key shifts this USP will drive, identifying the changes to the GCF it will deliver. In particular, a greater sense of urgency and level of ambition on improving access, on enhancing the GCF's country partnership model and capacity building offer, and on governance. Similarly, further strengthening the adaptation support the GCF provides to the most vulnerable (including LDCs and SIDS).	Noted. The Secretariat will endeavour to strengthen the language in a revised draft to capture the urgency and ambition; subject to further discussions in the Board across areas where differing views have been expressed.
Proposal - Sticky issue	Vision	NA	Ambition	United Kingdom	In the long-term vision, the urgency and necessity for a transformative, high-impact GCF-strategic plan needs to be articulated more clearly, with clear references to 1.5°C. Could be described in a way that is more politically appealing for ministerial decision-makers. Long-term vision: • Welcome clear focus in long term strategic vision on supporting developing countries in the implementation of the Paris Agreement including NDCs, NAPs, etc. • However, the urgency of ambitious, transformative climate action should be articulated more clearly. Long-term vision could also be described in a way that is more politically appealing.	To be further discussed by Board, as different views have been presented on whether to express stronger ambition than DRF.01 or reflect agreed COP/UNFCCC/GI language

Proposal - analysis required	Mid-term goals	NA	Allocations; Most vulnerable	United Kingdom	On climate resilience, a more ambitious target on prioritising the most vulnerable is critical, matching or exceeding actual IRM performance of 69% allocated to LDCs, SIDS and African States.	Noted. The Secretariat intentionally refrained from including the allocation parameters in DRF.01 so as not to mix these up with the more climate-results oriented mid-term goals set out in Section III. In tandem with its consideration of the USP-2, the Board may wish to also update the Investment Framework allocation parameters in a way that aligns with the GCF's updated programming strategy. The Secretariat will also elaborate analysis on the implications of any updated mid-term goals on the current allocation parameters, to inform feasibility and trade-off analysis.
Proposal - analysis required	Institutional & operational	NA	Administration & budgeting	United Kingdom	Would welcome analysis by the Secretariat as to what functions might be more efficiently delivered through outsourcing or other types of commercial/non-commercial partnerships.	Answering this question fully would require a more comprehensive capacity analysis and resourcing strategy development. Currently, the types of functions that are partially outsourced include: (i) technical support (eg for accreditation/CP development/project development etc) (ii) review function additional capacity (eg accreditation, SAP, ESS reviews) (iii) programme management additional capacity (eg UNOPS for RPSP) (iv) some corporate functions (eg service desk, recruitment services, ICT/systems build etc) and (v) discrete 'projects' (eg standalone analyses, training development etc). In order to deliver the full scope of ambition contained in the draft USP, the GCF would need to further enhance both its commercial and non-commercial partnerships, targeting key capabilities/expertise/skills needed for delivery (eg climate analysis, investment planning, project origination, green finance methodologies, delivery of training etc). A resourcing/partnerships strategy would take into account the delivery capabilities of AEs/DPs, the in-house strengths of GCF, and what additional partnerships would be needed to fill key capacity/expertise/skills gaps.
Question / technical clarification	Strategic objectives	NA	Adaptation	United Kingdom	Climate resilience/Objective 3: o Positive objective, focus on locally-led adaptation and rapid expansion of climate information and early warning systems is welcome. o Interested to see what the significantly expanded enhanced direct access modality looks like [para 19c] and how this can improve access for the most vulnerable. o Need to see a more ambitious target on prioritising the most vulnerable = matching or exceeding actual IRM performance of 69% allocated to LDCs, SIDS and Africa versus current proposal of "at least half" under objective 3 paragraph 18. o Welcome commitment to look at differentiation of support to countries most vulnerable to climate change and environmental degradation [under objective 1 para 15b] including to countries which are not accessing any/as much funding. Important that we capture SIDS and fragile states within this. o Some innovative ideas how to attract private sector for adaptation projects should be included.	Noted. - In relation to scaling up devolved financing approaches, see responses to AGN (row 14) and South Korea (row 161) - In relation to allocation for most vulnerable, see response to the same point in row 178 - In relation to differentiated approach, see response to the same point in row 179 - In relation to fragile and conflict-affected areas, see response to Sweden (row 171) - In relation to referencing private sector innovation under Objective 3, see response to Germany (row 89) noting this is already covered under Objective 2
Question / technical clarification	Institutional & operational	24 a) ii) 24 a) iii) Others	Access (speed)	United Kingdom	Under "speed", would be helpful to clarify what the current median times taken by GCF are to process readiness, PAP and SAP proposals are to make the target more specific. Also welcome the commitments on improving the speed of access to readiness support (implementation rate of >90% of total GCF portfolio, section 5.1, para 24/a/ii) and reducing times taken to process readiness, PAP and SAP proposals [para 24/a/iii].	Median times for PAP review to disbursement (months): 27 (2018); 24 (2019); 18 (2020); 16 (2021) Median time for SAP review to disbursement (months): around 18-20 months across the last four years of data, however no trendline is apparent; total timelines appear to be heavily influenced by the specific FP/AE. Median time for Readiness submission to approval (months) - 6.4 (2020/2021) Times for accreditation, proposal submission to Board approval (months): Low: 2.3; Average: 24.6; High: 64.9 covering all historical track record for the 113 AEs in their first accreditation terms.
Proposal - language amendment	Institutional & operational	25	Access (harmonization)	United Kingdom	Needs a stronger commitment regularly to review the impact of GCF policies and identify opportunities to further streamline and harmonize operational requirements – could the GCF challenge itself to be the market leader on streamlining and harmonisation?	Noted. The Secretariat will endeavour to strengthen the language on reviewing the impact of GCF policies and opportunities for streamlining/harmonizing in a revised draft
Proposal - language amendment	Institutional & operational	NA	Access (differentiation)	United Kingdom	On access, draft should further increase ambition. A top priority for many members of the GCF Board, there should be a clearer sense in the draft of the urgent need to reduce bureaucracy and the burden on partner countries, looking at all of the GCF's instruments and processes (including accreditation), as well as seeking increased transparency and predictability. The draft should also give consideration of approaches to actively differentiate support to enable those with least capacity, particularly SIDS and LDCs, to access funding.	Noted. The Secretariat can further emphasise commitment to improving transparency and predictability of project and accreditation processes, and emphasizing consideration of differentiated approaches for countries with least capacity, in a revised draft.

Comment - no action required	Institutional & operational	NA	Access (differentiation)	United Kingdom	Good to see a Commitment to look at differentiated approaches [objective 1 strengthening country capacity / para 15b] "... including to developing countries that have not yet been able to access GCF support for funded activities or who are not regularly able to access resources for readiness activities" – this is important for the UK in getting funding to some fragile and conflict-affected states who have not yet got project funding	Noted. See response to Sweden (row 169) for further consideration related to fragility and conflict-affected areas
Proposal - Guidance needed	Institutional & operational	24	Access (accreditation)	United Kingdom	Improving the accreditation / re-accreditation process is a key part of improving access to GCF funds. Welcome the commitments under the access goal to "simplicity" and "partnerships and direct access" [section V, paragraph 24.] Would also like this to include more specific propositions about how to improve accreditation, for instance changes to the operating model. Could the accreditation term be doubled from 5 to 10 years?	The Secretariat notes that discussions on improving the accreditation model have been on-going. The Accreditation Strategy remains on the Board workplan, to take up outstanding matters from B.34, as does a further update to the Accreditation Framework. The Secretariat will be able to provide the Board with more considered advice specific to accreditation in the context of those ongoing deliberations.
Proposal - language amendment	Institutional & operational	NA	Access	United Kingdom	Strongly welcome that enhancing access to GCF resources is identified as the GCF's "core operational commitment" for 2024-27 [section V]. It should feature earlier in the draft and be articulated as a key component/driving principle to be prioritised when looking at core GCF systems and processes. o Good to see that draft includes practical suggestions for improving access to the Fund, helpfully broken down by speed, simplicity, harmonisation, volume, partnerships and direct access – but there is overall a need for a greater sense of urgency.	Noted. The Secretariat has endeavoured to following the guidance given by the Board at B.34 to streamline the USP-2 draft and also improve its logical coherence, distinguishing programming goals and objectives (the 'what') from operational objectives (Enhancing Access; the 'how'). This reflects that the dimensions of access reflect key operational enablers that will help GCF better deliver programming outcomes. The Secretariat can make surgical language amendments to bring reference to enhancing access more clearly into the introductory sections, while endeavouring to maintain the logical distinction between programming and operational goals.
Proposal - language amendment	Institutional & operational	NA	Access	United Kingdom	Would also like to see specific commitment to learn lessons on access to SIDS from other players (e.g., MDBs).	Noted. The Secretariat will endeavour to strengthen the language on learning with regards to access in a revised draft
Comment - no action required	Cross-cutting	NA	Structure	United States	Overall, we applaud the Secretariat for presenting a clear, well-structured draft that is responsive to Board guidance provided at B.34. Drf.01 also establishes a clearer vision for how the GCF can continue to evolve to be more efficient, catalytic, and accessible institution that more effectively promotes the paradigm shift towards low-emission and climate-resilient development pathways. In particular, we welcome the Secretariat's programmatic approach to the strategic planning process and the effort to establish clear signals for the types of projects and programs that will be necessary to achieve the strategic vision set out in USP-2.	Noted
Question / technical clarification	Strategic objectives	NA	Resourcing; capacity for delivery	United States	We also urge the Secretariat to be cognizant of GCF's core competencies and prioritize concrete actions that the GCF can take to realize its goals. In general, the GCF should seek to avoid direct involvement in sectors in which it has limited experience; it should seek instead to support existing and promising initiatives and programs. For example, with respect to Objective 1: Strengthening country climate investment capacity, the Secretariat should be conscious of the work of other international organizations (IOs), such as those that specialize in mainstreaming capacities needed to incorporate considerations of climate-related financial risk into financial decision-making. With respect to Objective 2 Accelerating innovation of new climate solution, the GCF should focus its attention on how it can collaborate with partners to identify opportunities to scale up innovation successes, including through novel applications of GCF financial instruments. Finally, with respect to Objective 5: Greening the financial system, the GCF should prioritize enhancing linkages between DAEs and those IAEs and networks that already have deep expertise and experience in this regard.	Noted and agreed. As stated in para 11, the ambitions in the USP cannot be delivered by the GCF alone, but depend at heart on GCF acting more intentionally in collaboration with partners. As noted in the above response to the UK on administration and budgeting, a resourcing strategy for delivery of the USP-2 would be based on a partnerships strategy analyzing (i) the delivery capacities of GCF's AEs/DPs (ii) the in-house strengths of GCF and (iii) additional commercial or non-commercial partnerships that may be needed to fill key capacity/expertise/skills gaps. The GCF would need to calibrate the resources that it brings to execution under each objective: eg in the areas mentioned in your comment and others (climate mainstreaming, innovation, green taxonomies, and also NDC updates, policy development, climate information services etc), while GCF does not have a comparative advantage in technical skills/resources, it may be able to help provide needed resourcing and also actively forge partnerships to support the targeted outcomes. This sentiment is already intended to be captured in DRF.01, but the Secretariat can aim to capture it more clearly in a revised draft

Question / technical clarification	Strategic objectives	20, 21e)	Private sector; greening finance	United States	Two questions received on: - What is the difference between greening the financial system and objectives on mobilizing private finance at scale under Objective 4 ? - Whether the Obj. 4 action of "encouraging design of cross-cutting, multi-sectoral, inclusive interventions which address complex, interacting climate risks and deliver economic and non-economic co-benefits" targets AEs, governments or others.	On the questions received: - While both Objective 4 and 5 can lead to mobilization of private sector finance at scale in the context of a GCF project/programme, and may be seen as a continuum rather than distinct programming 'buckets', Objective 4 is oriented more toward FPs that are designed to engage private sector actors directly through a project structure (eg as co-investors), whereas Objective 5 has been oriented around interventions that can help align financial flows to the goals of the Paris Agreement through the wider financial system and capital markets (i.e. green banks, green facilities, green credit lines, bond issuances etc) - The Secretariat notes that under the GCF business model all activities require active participation of countries and AEs. This objective was designed to more clearly signal GCF's intent to help realize highly ambitious, country-owned initiatives in complex high impact areas, by supporting co-origination and working proactively with AEs and other potential partners to build coalitions where different partners bring different assets to realize investment solutions
Question / technical clarification	Strategic objectives	NA	Private sector; adaptation	United States	Finally, we have noted the lack of a mention of driving private investment on adaptation in Objective 3: Building resilience to urgent climate threats. We will not be able to meet the growing demand for adaptive capabilities without robust private sector participation, including on innovation. We therefore urge the Secretariat to actively incorporate a vision for enhanced private capital mobilization for the GCF's adaptation projects, in both Objective 3 and Objective 2.	See response to Germany on private sector and adaptation (row 89), noting the intent had been to capture this in both Objective 2 and Objective 4
Proposal - Sticky issue	Cross-cutting	NA	Prioritization	United States	We generally share the view that the GCF must take more action to actively shape the Funding Proposal pipeline, and that a passive "first come, first served" posture is not conducive to the paradigm shift that the GCF promotes. We therefore encourage the Secretariat state more explicitly how it proposes to craft, within the GCF's current governing structure, projects and prioritize funding proposals to structure thematically or geographically based programs of investments and to de-risk market-creating investments, as outlined in Objective 4: forging Coalitions for just systems transitions	Please see response to De/Ne/Lux on prioritization (row 47)
Proposal - analysis required	Mid-term goals	NA	Mid-term goals (mitigation); Ambition	United States	Greenhouse gas (GHG) mitigation goals are notably absent from USP-2. Given the GCF's role as an operating entity of the financial mechanism of the UNFCCC and serving the Paris Agreement, it is imperative that USP-2's midterm goals reference quantifiable and achievable GHG mitigation targets that are fully aligned with emission reduction pathways that keep a 1.5 degree warming limit within reach. We hope to see mitigation targets, which support reductions across all GHGs, integrated clearly and prominently with the midterm goals in the next draft USP-2.	The refinement of the mid-term goals is a key issue for further discussion by the Board. See response to AGN on mid-term goals (row 8). As noted above, the Secretariat is preparing a revised proposal for Board consideration, and is happy to support with further analysis to support consideration of mitigation goals. The matter of how strongly to state the GCF's ambitions with respect to 1.5 pathways will need to be further discussed by Board, as different views have been presented on whether to express stronger ambition than DRF.01 or reflect agreed COP/UNFCCC/GI language.
Proposal - analysis required	Mid-term goals	NA	Mid-term goals (incubators)	United States	We also request the Secretariat's further assessment of its ability to deliver on the metric to support the establishment of over 50 climate technology incubators or accelerators in developing countries. We note from the annex that this metric assumes the Private Sector Faculty's (PSF) request for proposals incubators and accelerators. However, we note challenges with this goal and query if this metric is squarely within the GCF's core competencies. Rather than a metric focused on establishing a specific number of incubators and accelerators, perhaps the GCF should focus on proving the incubators and accelerator model with fewer projects with a diverse suite of technologies under development and also focus on finding and scaling established projects across a diverse geography.	Noted, the refinement of the mid-term goals is a key issue for further discussion by the Board. The proposed goal of 50 incubators was chosen as it is a measurable metric, and links to the work mandated by the COP/GCF Board on technology incubators and accelerators. The assumptions underlying the proposal, as set out in Annex I, are that an RFP on technology incubators/accelerators for 200-300m would generate about 10 funding proposals, each of which would support the creation of between 2-6 incubators/accelerators. The Board may wish to explore alternative goals for innovation/technology; the Secretariat can provide advice on the feasibility of alternative proposals.

Proposal - analysis required	Mid-term goals	NA	Mid-term goals	United States	The current mid-term goals do not distinguish adequately between goals that the GCF has within its ability to achieve as a singular institution (e.g., "double the number of Direct Access Entities will have built the climate investment capacities to start programming approved public and private sector funding proposals"), and GCF's contribution to global goals (e.g., "every developing country will have the essential capacities to translate [its] NDC, AC, NAP, or LTS into a.... pipeline of climate investments"). With the goals as written, the GCF risks being measured against ambitious goals that are partly or largely outside of its direct control. We encourage the Secretariat to clearly distinguish within the main USP-2 text (as opposed to the annex or a footnote) between goals that the GCF could achieve directly and those broader, global goals to which the GCF could contribute. For the latter, it should be clear the contribution the GCF will make to the larger global goal. Both sets of goals should recognize the critical role the GCF plays in catalyzing wider sources of finance.	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal.
Question / technical clarification	Mid-term goals	NA	Mid-term goals	United States	We note some concern about the GCF's ability to deliver on midterm goals that refer to "every developing country." The policy environment in some countries does not allow for approved GCF financing in the near-term, due to conflict, human rights issues, and other considerations outside the control of the GCF. More broadly, we have noted that the midterm goals emphasize countries and entities as metrics, rather than people—with the exception of the "just food systems transition" metric. We encourage the Secretariat to consider integrating a focus on the number of people who will benefit from GCF programming in its midterm metrics.	See response to AGN on mid-term goals and resourcing scenarios (row 8). The Secretariat will prepare a revised proposal, which will endeavour to clearer as to the distinction between 'global goals/pathways/ambitions' (which may be aspirational) and what GCF can concretely contribute toward these goals. In selecting the metrics for the goals, a balance has had to be struck between specificity of the result metric, and the need for metrics that are sufficiently aggregable and capable of projection across a substantial portion of the portfolio, so that these can be constructed into a handful of meaningful targets. For some programming areas like energy, FPs can target quite different results (eg beneficiaries of energy access, RE capacity installed, storage capacity, electrification, new technology piloting etc). For others, like CIEWS and infrastructure, the number of individual beneficiaries reached can vary significantly based on the population size and density of the country/project area, making it difficult to consistently project for the purposes of target-setting. For these reasons the countries metric has been chosen, to allow for simpler and clearer aggregation and reporting across goal areas which may cover a variety of different kinds of
Proposal - Guidance needed	Strategic objectives	19 b)	Loss and damage	United States	Line edits deleting mentions to loss & damage with a comment that "We should await guidance from COP28 with respect to the GCF's potential role in financing loss & damage in light of the new fund"	See response to Den/Ne/Lux (row 43)
Proposal - language amendment	Strategic objectives	15 d); 16; 17 a);	Innovation	United States	Several comments and edits were provided in relation to "local and traditional knowledge" and whether there are different intents behind proposing to "draw on" or "base" programming on local and traditional knowledge, for both innovation aspects and climate practices.	The intent here was that local and indigenous communities may have knowledge and/or be implementing practices that are capable of being drawn upon (perhaps with additional innovation to achieve replication or scale) as effective mitigation and adaptation solutions. The Secretariat is happy to modify the language in a revised draft to express this sentiment appropriately and sensitively.
Proposal - language amendment	Institutional & operational	24 c) i) and ii)	Harmonization	United States	One edit and one comment received on the harmonization dimensions of enhancing access: - change in language to indicate GCF will "pursue opportunities" to harmonize in lieu of DRF.01 proposing to "explore" opportunities - comment indicating that AEs are already applying their own systems and policies, while maintaining best practice and substantial equivalence to GCF policies in reference to para 24 c) ii)	Noted. The Secretariat will aim to incorporate language edits based on further Board discussions on harmonization. The Secretariat notes the language in para 24(c)(ii) is from the Board decision B.34/19
Question / technical clarification	Strategic objectives	23 c), d)	Greening finance	United States	Two questions received on: - Whether "Capacity development and pipeline programming to enhance access to capital markets for climate investments" will be GCF-led or AE-led - Whether GCF is supporting other entities on "developing or adopting methodologies that can help green finance" and whether this something within the core competencies of the GCF (e.g. helping a country development a sustainable investment taxonomy)?	As above, all GCF programming is dependent on engagement with countries and AEs, as well as delivery partners in the context of readiness. Reflecting programming experience to date, this objective assumes that proposals related to greening finance will continue to be submitted by (i) countries, in conjunction with their chosen delivery partners, under the RPSP (ii) AEs for full FPs. The role that GCF can play in this context is in providing financing for such initiatives, helping to connect partners with relevant expertise, and showcasing examples and best practices to allow for replication and further uptake of successful approaches.
Proposal - language amendment	Institutional & operational	24d)i); 25a) v), v)	Governance	United States	In-line edits proposed on: - the 100 billion goal - privileges and immunities One question asked on the DRF.01 suggestion to "explore ways to better engage youth" and why this in governance section as it could be seen as targeting a particular age preference for Board members.	Noted, the Secretariat will aim to clarify language in the next revised draft. The Secretariat notes the proposal to 'explore ways to engage youth' emerged from the consultations on USP-2, and included a specific proposal to have a youth active observer, which is why it was clustered with the governance points.

Proposal - language amendment	Introduction	2,3,4,9.1 1	GI/UNFCCC/PA/CO P	United States	Several in-line edits provided on the introduction and strategic vision around: - relationship to the Paris Agreement goals - adding source(s) to citations to avoid the implication that every commitment in this sentence has been established by the COP - eliminating time-bound references to macroeconomic conditions as USP is only for 2024-2027 - avoiding paraphrasing on the USD 100 billion goal - ensuring consistency on language signalling GCF as the 'largest dedicated climate fund' but not necessarily the 'main' climate fund. - providing a citation on "context of agreement for a significant share of new multilateral funding for adaptation to flow through the GCF" - clarifying not all other financiers have similar risk appetites	Noted. Secretariat will make clarifications in the next revised draft.
Proposal - analysis required	Strategic objectives	NA	Feasibility & trade-offs	United States	We appreciate the Secretariat's efforts to enumerate the key modalities, actions, and partnerships that will support each strategic programming objective. However, across strategic objectives 1-5, we urge the Secretariat to identify a shorter and more tailored list of the key modalities, actions, and partnerships in support of each objective. The current lists are lengthy and do not sufficiently establish achievable and clearly prioritized actions. The current lists risk simultaneously constraining the Secretariat to a rigid set of actions while also setting ambiguous, unachievable targets. A shorter set of higher-level but achievable actions could offer the Secretariat more flexibility and adaptability over the course of the second replenishment window and provide more actionable guidance. When shortening and prioritizing the list of key modalities, actions, and partnerships, we encourage the Secretariat to identify for Board members the tradeoffs within each key action.	Noted, the Secretariat appreciates there is a balance to be struck between catering to the desire for specificity in the key modalities/actions/ partnerships to be pursued, and maintaining high-level, prioritized directions with scope for flexibility in implementation. It will be easier to refine the actions under each strategic programming objective to be fit-for-purpose, once these is additional clarity on the directions the Board wishes to pursue viz-a-viz the mid-term goals and the top-level strategic programming objectives themselves. The Secretariat is aiming to develop further analysis on resourcing, feasibility and trade-offs to inform the March 1 workshop
Proposal - analysis required	Mid-term goals	NA	Direct Access	United States	Given that less than one third of Direct Access Entities (DAEs) have begun programming, we urge the Secretariat to reflect further on its DAE mid-term metric ("Double the number of DAEs will... start programming approved public and private sector funding proposals"). We also request that the Secretariat clarify whether this metric refers to doubling the number of currently accredited DAEs, or the number of DAEs that already have already developed the capacities to begin programming. In principle, while an increase in the number of DAEs could increase access, we suggest considering other metrics of success, such as the proportion of current DAEs that successfully begin programming. The Secretariat could also consider a metric focused on shortening the period between readiness support and funding proposal submission. Lastly, we request the Secretariat's further assessment of internal resourcing requirements to facilitate the accreditation of double the current number of DAEs in the second replenishment window, given the significant number of entities in Stage 1 of the accreditation process.	See response to AGN on Direct Access (row 11) The intent of the Secretariat proposal in DRF.01 para 12 was establishing a goal to double the <i>number of DAEs with approved FPs</i> (i.e. that have begun programming), however we understand from various comments received on this point that the language has not clearly captured the intent. This can be clarified for the next draft. The GCF's overall ambition with respect to Direct Access and the nature of a DAE goal are key issues for further discussion by the Board.
Question / technical clarification	Mid-term goals	11	Direct Access	United States	Does "Double the number of DAEs..." refer to currently accredited DAEs or all DAEs that have this capacity? We would also request a little more clarity on the extent to which there is overlap between various types of entities set out below (e.g. are green banks distinct from DAEs?)	Please see response to earlier comment on Direct Access (row 215) Specifically on the question of overlap between DAEs & green banks/facilities, this depends on country circumstances/FP structuring. Presently GCF is providing support to some DAE development banks (which are typically not dedicated 'green banks') to establish green facilities housed within the DAE (eg FP098 BSA Climate Finance Facility). It is also providing support via DAEs to establish entirely new green banks (eg FP153 Xacbank - Mongolia Green Finance Corporation), where the green bank is established as a separate legal entity. The GCF is also supporting via readiness additional requests focused on set-up of novel green banks/facilities which do not sit within AEs.
Proposal - language amendment	Strategic objectives	14	Climate investment capacity	United States	There are other IOs that may be better suited to be "partners of choice" in these areas, especially with respect to mainstreaming capacities needed to internalize climate risks. Proposed language edits that GCF may be a key partner, not necessarily the "partner of choice"	Noted. The Secretariat will make clarifications in the next revised draft.
Question / technical clarification	Strategic objectives	15 f)	Climate investment capacity	United States	Does this refer to GCF country programs or other country programs?	GCF country programmes. As noted by the IEU in the SPR, country programmes have had limited success/impact as a programming tool to date; going forward it would be useful for the Fund to reconsider their purpose and role in programming, and more specifically how they relate to wider country NDC implementation, investment planning and national/sectoral development planning processes

Question / technical clarification	Institutional & operational	25d)v)	Administration & budgeting	United States	One comment in response to the DRF.01 proposal to "Maintain administrative costs at less than 0.7 per cent of assets under management": Recommend adopting a metric for administrative costs efficiency that is meaningful as GCF doesn't manage assets on behalf of others.	Noted. The AUM metric was developed as part of the last capability review as it allowed for comparability with other organizations based on publicly available historical data. The utility of the 'expenses vs AUM' metric (which includes the total value of projects receiving GCF financing) shows comparables to demonstrate that we are effective in what we do – ie, for the 'cost' of the GCF, we deliver significant overall climate investment value (including co-financing) relative to the others. For budgeting purposes, the GCF may wish to explore other metrics in the context of work on a multi-annual budgeting framework - eg through a function of variable factors (eg programming amounts and portfolio size) and step-based fixed factors (for back office costs).
Question / technical clarification	Vision	9	Adaptation	United States	On "GCF will seek to make an enhanced, critical contribution to scaling up financing for action on adaptation and resilience" Can you elaborate on what means? Does this mean exceeding their current 38% of funding to adaptation (not adjusted for grants)?	The IEU has in its evaluations previously identified that GCF has a relative comparative advantage in supporting adaptation action. Notwithstanding this, at present GCF funding for adaptation is still slightly lower than mitigation funding in grant-equivalent terms, and as noted around 38:62 in nominal terms. Accordingly, there is potential for GCF to continue to scale-up its financing for adaptation and resilience, noting that this could entail a combination of raising the overall share of (nominal) programming for adaptation, and also seeking more innovative adaptation programming (eg using a variety of instruments), both of which may serve to raise the nominal share of funding while maintaining an overall 50:50 GE balance. The GCF will also continue to increasingly encourage cross-cutting proposals which address adaptation, mitigation and other environmental and social benefits in an integrated way.
Question / technical clarification	Strategic objectives	18; 19, 19 e)	Adaptation	United States	<p>Several in-line edits were provided on Objective 3:</p> <ul style="list-style-type: none"> - request to cite the Cancun paragraph deciding that a significant share of new multilateral funding for adaptation should flow through the GCF. - aligning language on adaptation:mitigation balance to the GI language <p>Several comments and questions were received:</p> <ul style="list-style-type: none"> - what do 'no regrets' adaptation measures mean - what does devolved financing mean - what is meant by debt relief mechanisms - locally-led adaptation through devolved financing is an important part of the adaptation mixture, but should GCF focus so narrowly on this swath of adaptation? 	<p>On language, the Secretariat will endeavour to continue to fully align language with the GI, Paris Agreement and COP decisions in a revised draft, while keeping the draft streamlined by avoiding lengthy quotes.</p> <p>On questions:</p> <ul style="list-style-type: none"> - 'No regrets' measures refers to interventions that can be carried out without being certain about all dimensions of future climate change and are adopted in a precautionary sense with the aim of responding to possible negative impacts before they intensify; these actions should have low mal-adaptive risk. Early warning systems for all is an example of a 'no regrets' measure. This is particularly relevant in contexts where there is limited climate data and/or absence of systemic analysis of long-term climate change impacts, where short-term incremental 'adaptation' responses may ultimately be maladaptive. - Devolved financing refers here to FPs that involve the establishment of an on-granting or on-lending mechanism that 'devolves' decision-making for funding decisions and project oversight to the national, regional or local level. This can be achieved by, for example, establishing a dedicated facility to fund small-scale community projects and can support reaching most vulnerable, hard to reach communities and individuals. The GCF's 'Enhanced Direct Access' pilot covers devolved financing mechanisms implemented through DAEs, however it is also possible for IAEs to implement devolved financing approaches. - Debt relief mechanisms typically refer to deals that allow a country to restructure its debt at a lower interest rate or longer maturity, with the proceeds being allocated to conservation or green projects. - the Secretariat notes that DRF.01 does place added emphasis on scaling up locally led devolved financing for contexts where such modalities are known to deliver the greatest value, but did not however intend to restrict or limit GCF adaptation programming to just this type of vehicles. Adaptation programming would continue to be a key component of all systems transition programming.

Question / technical clarification	Strategic objectives	NA	Systems transition	USP workshop	What is the rationale and the scope of collaboration/coalitions DRF.01 suggests under Objective 4 for just transitions.	Objective 4 on systems transitions contemplates that GCF will play an increasingly active role in convening coalitions of partners to help deliver developing countries' climate investment priorities. These initiatives would seek to be based on country or regional priorities, supported at the top political level, but which require different stakeholders to come together for the structuring and implementation of viable proposals or programmes. The range of collaborative programming initiatives or platforms that the GCF is currently working on builds on this approach and lessons learned from the transactions GCF has carried out to date and emerging knowledge on opportunities where GCF can leverage the full extent of its partnership network. Such collaborations also respond to country observations that the current climate finance landscape remains highly fragmented (see also response to AGN in row 20 on the types of platforms GCF is involved in at a thematic/transition level).
Question / technical clarification	Strategic objectives	NA	Climate investment capacity	USP workshop	What is the overall level of resourcing needed for Objective 1, noting past utilization rates have been low	The Secretariat notes that the current Readiness budget has been set based on historical trends of the degree to which countries have tapped into their current USD 1 million/year allocation for non-NAP support and their national USD 3 million adaptation planning allocation. Current utilization rate is only around a quarter to a third of the maximum potential utilization. Objective 1, in conjunction with the revision of the RPSP strategy, anticipates that this utilization rate may increase (up to around 50%) with measures to (i) improve access to readiness (eg by moving from an annual \$1m cap to a \$4m cap over four years, along with recently implemented operational improvements) (ii) introduce more tailored windows for DAEs and LDCs/SIDS
Question / technical clarification	Mid-term goals	NA	Mid-term goals (EWS)	USP workshop	How GCF can work to ensure Climate Information and Early Warning Systems in every country	The ambition to 'ensure every person on earth is protected by EWS' is a UNSG/WMO-led aspirational goal. Through its IRM and GCF-1 portfolio to date the GCF is already reaching 72 countries through its CIEWS portfolio. For GCF-2 the proposal based on the Secretariat's presentation in Paris is that GCF could reach 50-60 countries with either new or 'upgraded' CIEWS, prioritizing those with 'below basic' systems in line with analysis being developed by WMO. This goal would need to be calibrated based on overall resourcing available, overall split between GCF-2 objectives and the capabilities of GCF's partner network.
Question / technical clarification	Institutional & operational	NA	Governance	USP workshop	What would be the best avenue for the Board to deal with policy changes that are required to improve operational capacity and speed and deliver on the USP.	Through the GCF-1 Board Work Plan the Board sought to establish a policy cycle to provide greater predictability on the sequence and frequency for considering outstanding policy matters on the Board Agenda. Considering the recommendations and findings of the Overall Policy Review done for B.34, the Board could take the opportunity following conclusion of the USP-2 to (i) update the Board Work Plan to identify and prioritize any policy reviews or updates that are urgently required to implement the USP-2, while also retiring any superseded mandates; (ii) utilize policy framework reviews more strategically to identify opportunities to improve either policy settings or policy implementation, choosing to review those policy frameworks that are most relevant to improving operational capacity to deliver on the USP-2
Question / technical clarification	Mid-term goals	NA	Mid-term goals; Resourcing	USP workshop	What level of co-financing is assumed to deliver on the goals?	The Secretariat can unpack co-financing assumptions as part of a more detailed revised proposal on the mid-term goals. For some goals (eg those measuring number of countries reached), no specific co-financing assumption has been factored into the calculation. For goals calculated through a cost-based impact metric (eg ecosystems, smallholders) the Secretariat has assumed a continuation of historical co-financing ration (eg 1:1 in the cases above).
Proposal - analysis required	Mid-term goals	NA	Feasibility & trade-offs	USP workshop	What degree of portfolio and pipeline change would be required to meet targets	The Secretariat has developed revised analysis for the mid-term goals, presented at the 1 March workshop, which is based on a preliminary assessment of how much the GCF has already programmed across goal/objective areas and the potential shifts in pipeline required. As a follow up to the workshop, and to inform DRF.02, the Secretariat will be doing a deeper analysis of the pipeline in order to be able to inform the Board on the degree of change or programming 'stretch' each goal and objective would require.
Proposal - analysis required	Mid-term goals	NA	Allocations	USP workshop	What portfolio allocations are the goals expected to generate	See response above (row 270). As part of revised analysis the Secretariat will conduct modelling analysis to assess the directional implications of the choice of mid-term goals and resourcing allocations on GCF's portfolio allocation parameters.

Question / technical clarification	Cross-cutting	NA	Access (differentiation)	USP workshop	We'd like to hear how the programming and access needs of the LDCs have been taken into account in designing DRF.01, the goals and associated objectives, including how the findings of the evaluation have been considered, and how the USP will allow GCF to act on and implement the recommendations.	<p>The Secretariat aimed to take into account lessons from evaluations in constructing DRF.01; more detailed responses to evaluations are provided in the respective management responses.</p> <p>DRF.01 incorporates issues of enhancing access and programming for impact in LDCs through various proposals across the draft.</p> <ul style="list-style-type: none"> - First, several of the mid-term goals and associated strategic programming objectives are specifically targeted toward vulnerable countries including LDCs, and seek to orient GCF programming towards meeting needs that have been identified by LDCs. This includes dedicated goals on support for locally led action in vulnerable communities, CIEWS and climate resilient infrastructure. Scaling up and replicating locally-led adaptation action have been identified as key mechanisms GCF can use and deploy in LDCs. System transition goals under Objective 4 also place focus on programming for 'the hardest to reach' for energy access. - Through Objective 1, GCF will seek to improve the way it directs its capacity building support through the RPSP, with a particular focus on those with least capacity/countries who have thus far struggled to access GCF financing, including some LDCs. The readiness strategy would elaborate modalities for delivering this. - In the operational priorities, DRF.01 also places focus on enhancing access, including by looking into adopting differentiated approaches across its modalities. - The Board may also wish to consider clarifying prioritization criteria for managing the FP and accreditation pipeline, including whether to prioritize proposals for particularly vulnerable countries including LDCs.
Question / technical clarification	Cross-cutting	NA	GCF story	USP workshop	Can the Secretariat provide examples of proposals that would be ripe for replication in GCF-2, including in relation to innovation and vulnerability	To keep the USP-2 draft streamlined, the Secretariat has not included specific examples under the strategic objectives in DRF.01; however the powerpoint for the Paris workshop shows various examples from the portfolio relating to each of the strategic programming objectives, which could be models for replication in GCF 2.