



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/C.60/08
May 17, 2021

60th GEF Council Meeting
June 14 - 18, 2021
Virtual

Agenda Item 16

**LONG-TERM VISION ON COMPLEMENTARITY, COHERENCE,
AND COLLABORATION BETWEEN
THE GREEN CLIMATE FUND AND THE GLOBAL ENVIRONMENT FACILITY**

Recommended Council Decision

The Council, having considered document GEF/C.60/08, *Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility*, welcomes the document and looks forward to the annual joint progress report to be submitted to the GEF Council and the GCF Board.

TABLE OF CONTENTS

Introduction	1
Annex I Long-Term Vision of Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility	2

INTRODUCTION

1. This document presents a Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund (GCF) and the Global Environment Facility (GEF), as annex I, developed jointly by the GCF and the GEF Secretariats. It builds on the ongoing collaboration and opportunities that have been identified and presents topics where the two funds will work together.
2. The Long-Term Vision aims to enhance the planning, implementation, and outcomes of the GCF and GEF investments in line with the respective strategic investment plans, support the implementation of initiatives in the current programming strategies, and to inform future programming periods in both funds.
3. The document further presents steps to take this work forward under the leadership of the GEF CEO and Chairperson and the GCF Executive Director, including the submission of a joint update to the GCF Board and the GEF Council each year, encouraging sharing of views, and inclusion of relevant elements of the Long-Term Vision in official documents, such as the GEF-8 programming directions and GCF-1 documents.
4. The Long-Term Vision has been developed to further respond to relevant guidance from the Conferences of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), which have encouraged both entities of the Financial Mechanism of the Convention to further articulate and build on the complementarity of policies and programs.
5. The document is also being presented as part of the GCF Secretariat Report to the twenty-ninth meeting of the GCF Board (B.29), to be held from June 29 to July 2, 2021.

ANNEX I

LONG-TERM VISION OF COMPLEMENTARITY, COHERENCE, AND COLLABORATION BETWEEN THE GREEN CLIMATE FUND AND THE GLOBAL ENVIRONMENT FACILITY



Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility

Joint paper between the Secretariats of the GEF and GCF

OVERVIEW AND BACKGROUND

1. This document presents a Long-Term Vision on Complementarity and Coherence for collaboration between the Green Climate Fund (GCF) and the Global Environment Facility (GEF), herein after referred to as LTV. This new vision aims to build on the Pilot Coordinated Engagement exercise the GCF and GEF have been carrying out since 2018, and further define specific areas of cooperation, where complementarity of action might be most efficient and effective, and possible modalities to generate long-lasting outcomes and outputs in climate change adaptation and mitigation.
2. The visions and missions of the GCF and GEF are partially shared but mutually reinforcing. The vision of the GCF is to promote the paradigm shift towards low-emission and climate resilient development pathways in the context of sustainable development, and to support the implementation of the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC) mandates to both Funds. The GEF's mission is to safeguard the global environment by helping developing countries meet their commitments to multiple environmental conventions and by creating and enhancing partnerships at national, regional, and global scales based on the principle of sectoral integration and systemic approaches to project and program financing.
3. While the GEF serves as a/the financial mechanism for UNFCCC, Convention on Biological Diversity (CBD), United Nations Convention to Combat Desertification (UNCCD), Minamata Convention on Mercury, and Stockholm Convention on Persistent Organic Chemicals, both Funds are operating entities of the Financial Mechanism for the UNFCCC and receive guidance from the UNFCCC Conferences of the Parties (COPs). Parties to CBD and CCD have recently included GCF as part of its decisions for resource mobilization as well as cooperation.
4. With recognition of similar mandates, both funds have been enhancing their collaboration over the years through regular exchanges at the secretariat level, organization of Climate Finance Dialogues, and a Pilot Coordinated Engagement. Since the GEF-6 period (July 2014 to June 2018), the GEF has also incorporated elements on complementarity and coordination in the Programming Directions documents. Since 2017, the GCF guides its

complementary actions with other climate finance delivery channels through the Board's approved operational framework for complementarity and coherence.¹

SERVING THE UNFCCC IN THE CLIMATE FINANCE LANDSCAPE

5. The proposed LTV on Complementarity is developed to further respond to multiple guidance from Parties on the important issue of complementarity. In Decision 8/CP.21, paragraph 14, the COP welcomed the efforts to date of the GEF to engage with the GCF and encouraged both entities to further articulate and build on the complementarity of their policies and programmes within the Financial Mechanism of the Convention.

6. The subject of complementarity is also part of the review of the UNFCCC Financial Mechanism. Most recently, upon completion of the sixth review of the Financial Mechanism, the COP in November 2017 took note of the efforts made by the operating entities of the Financial Mechanism to enhance complementarity and coherence between them and between the operating entities and other sources of investment and financial flows in decision 11/CP.23 paragraph 2. Parties also requested that the operating entities of the Financial Mechanism continue to enhance complementarity and coherence in paragraph 3 of the same decision.

7. In the context of the Sustainable Development Goals (SDGs), while the GCF serves UNFCCC exclusively, there is growing recognition among countries that the GCF can mobilize resources to support projects that have benefits beyond the specific focus on climate change, due to the integrated and systemic nature of environmental issues that countries face. Additionally, the potential contribution of the GCF to support the implementation of the post-2020 Biodiversity Framework has been part of ongoing discussions, and efforts are underway with regards to scaling up the GEF's work in support of desertification in the Great Green Wall. For the GEF, its work contributes to the SDGs and also responds to Convention guidance and decisions related to the SDGs from CBD and UNCCD COPs. While the GEF is not the financial mechanism for the SDGs, its activities produce global environmental benefits that play a role in achieving the aims of the SDGs, in particular the goals on climate action, life below water, and life on land, reflecting the GEF's core mission.

ONGOING COLLABORATION AND OPPORTUNITIES

8. The LTV is building on experiences gained from ongoing collaboration and responding to COP mandates and to the needs of developing countries.

9. The Pilot Coordinated Engagement was launched at the GEF-6 Assembly in June 2018 by the GEF CEO and GCF Executive Secretary at the time, as partnership efforts and interest from countries evolved towards more concrete actions. The two Funds also organized events to raise awareness about the initiative and to share some early lessons learned at UNFCCC COP 24 in December 2018 and COP 25 in December 2019.

¹ <https://www.greenclimate.fund/document/operational-framework-complementarity-and-coherence>

10. The Pilot Coordinated Engagement aims to support countries to strategize and synergize the programming of resources available at the GEF and GCF on a pilot basis, while keeping in mind sequencing, complementarity of support and other factors in a manner that ultimately maximizes and optimizes the benefit and impact of those resources. Among the expected outcomes, the initiative looks to:

- Enhanced channels for communication between different focal points;
- Coordinated development of a country program/plan that utilizes opportunities across the climate finance landscape as part of the process of engaging existing and prospective implementing entities to identify practical steps to enable implementation of the country's strategies;
- Early identification of, and solutions to, issues that may arise throughout the collaborative engagement process; and
- Lessons learned on how to enhance coordination among GCF National Designated Authorities (NDAs), GEF Operational Focal Points (OFPs), and Agencies/Entities to improve support to help the country realize a paradigm shift mainly through cross-sectoral approaches in its efforts to achieve low-emission and climate-resilient development.

11. Progress and results to date: The Pilot Coordinated Engagement has generated some early fruits of collaboration, with concrete projects. The initiative has also provided a platform to discuss collaboration on major initiatives, such as the Great Green Wall (GGW), Amazon Landscapes, and e-mobility as follows:

- **Lao PDR:** Following a joint national workshop and consultations, a proposal to the Least Developed Countries Fund (LDCF) on climate smart agriculture was submitted and approved by the LDCF/SCCF Council in June 2019. The proposal was informed by the readiness support provided by the GCF and enables early landscape-based support to be rolled out with GEF support to enhance resilience of upland communities that are especially vulnerable to climate change impacts. It is expected to contribute to the requested GCF investments to bring LDCF interventions to scale.
- **Pacific SIDS:** The project in the Pacific (Kiribati, Solomon Islands, Tuvalu, and Vanuatu) on climate resilient urban development uses LDCF support to further adapt the water and sanitation sector to climate change, decrease community vulnerability for climate proofing. The GCF, Asian Development Bank, and the World Bank are mobilizing larger-scale infrastructure-related investments in a complementary manner. The GEF Council approved the concept in June 2019.
- **Mauritius:** The GEF and GCF, along with the country and Agency discussed tandem support for a low carbon transport project. The GEF supports introduction of electric buses on feeder lines of the new light rail around the capital, while the GCF readiness support will be used in parallel to make a plan to scale up from the buses financed by the GEF. The GEF Council approved the concept in December 2019. The

Mauritius project is also part of the GEF's e-mobility agenda and will be linked back to the Global Electric Mobility Program through participation to activities and learning from the outcomes of the Program's global components. This model is also being considered for other countries, such as South Africa and Costa Rica.

- ***Collaboration on major initiatives:*** Beyond country programming, the GEF and GCF began discussions on collaboration on major flagship initiatives in 2019. These flagships include: GGW, Amazon landscape initiatives, e-mobility, sustainable cities, and private sector blended finance. Following a number of high level discussions on GGW at UNCCD COP 14 (September 2019) and on GGW and Amazon at the margins of the UN Secretary General's Climate Action Summit (September 2019), the two Secretariats organized consultations in Washington, DC in 2019 and virtually several times in 2021 to discuss progress and the way forward. Based on this discussion, the GEF and GCF continue to engage in discussions and elaborate possible support, especially on the GGW and its new phase.
- ***Joint COP 25 events:*** The GEF and GCF organized a high-level panel discussion titled "GEF/GCF Coordinated Engagement in the next NDC Cycle" in December 2019 at the joint GCF-GEF COP pavilion. Experiences from Lao PDR and Mauritius were shared by their Vice Ministers. The Senegalese Minister and high-level official from Ecuador also shared their perspectives on coordinated support for the GGW and the Amazon Sustainable Landscapes.
- ***Models/pathways of coordination:*** The two funds have been mapping models/pathways on support to countries. For project/program financing, these include: (1) scaling up previous GEF projects with GCF resources; (2) piloting projects with GEF-7 for future scaling up with GCF, with GCF co-financing for the Project Preparation Facility (PPF); and (3) parallel financing. Another important models/pathway demonstrated multiple times to date include: GEF projects to be informed by GCF readiness support and planning exercises.

BUILDING A LONG-TERM VISION ON COMPLEMENTARITY

12. **Shared goals, values, and policies:** The GEF and GCF are both committed to the overall goal of UNFCCC and the implementation of the Paris Agreement and its decisions. Both funds value country-driven approaches and ownership, maximizing impact, transformational change/paradigm shift, efficiency and effectiveness, and adhere to the highest international practice on risk management, transparency and accountability, environmental and social safeguards, gender policy, and fiduciary standards.

13. **Differences and unique strengths:** There are differences in business practices, funding cycles, and operational practices in place to serve specific needs of each fund. Each fund has its own strengths and comparative advantages:

- ***GEF's strengths and uniqueness:*** Focusing upstream on the enabling environment to support broader public and private climate investment, including through policy,

legal, and regulatory reform and capacity building (IEO, 2017); strong evidence of contribution to innovation and institutional strengthening in addition to climate adaptation benefits (IEO, 2020); explicit mandate to address synergistic results in the areas of climate, biodiversity, land degradation and chemicals; enabling countries to maximize multiple benefits across the Conventions; history of supporting technology transfer and openness to take risks; leaving no one behind with a country allocation system that countries can access every four years; availability of LDC-specific support for climate adaptation that eliminates the need to compete for support with higher-capacity countries; 30 years of on the ground experience, partnerships and networks, nimbleness and effectiveness, high political profile; ability to address root causes of the pandemic and offer systemic solutions for green recovery; role and opportunity to support national and local plans and efforts to recover and re-build better, towards more sustainable, resilient, inclusive, and safer economies and societies that can withstand future shocks from climate change, natural and manmade disasters, and other global challenges.

- ***GCF's strengths and uniqueness:*** Focus dedicated to climate change and maximizing climate benefits balancing and optimizing synergies between mitigation and adaptation; with presence of significant number of diverse national entities ranging from Ministries to national NGOs to commercial banks operating through a collaborative and partnership-based business model; enabling countries and accredited entities (AEs) to choose from a flexible range of financing instruments offered by the GCF and providing the ability to mobilize larger scale blended finance for mitigation and adaptation. GCF financial instruments have been set up to take risks to unlock climate action and de-risk more conservative sources of finance to serve as an accelerator and amplifier for climate action.

OBJECTIVES

14. The LTV aims at enhancing the planning, implementation, and outcomes of the GCF and GEF investments in line with their respective strategic investment plans, supporting implementation of initiatives in current programming strategies and informing future programming periods in both funds. For that, this vision proposes that both funds work together to jointly progress in the following: I. Collaborative and coordinated programming; II. Sharing information, lessons learned and knowledge; and III. Communication and outreach:

I. Collaborative and coordinated programming

1. ***Coordinated support for major initiative and programming:*** The two funds pledge to work together to support major initiatives with significant climate benefits (to the end of GEF-8/GCF-1). Examples include: GGW Initiative, Amazon Initiative, SFM-REDD+ initiative, one initiative each in SIDS and Asia, an LDC-focused initiative, and

private sector-oriented collaboration². Private sector-oriented collaboration could blend GEF grant financing with concessionary finance from the GCF Private Sector Facility in climate change adaptation and mitigation at the national and/or global level. Alignment with post-COVID-19 stimulus/climate resilient recovery efforts will be assessed and encouraged, to provide support in line with each Fund's strengths, as well as exploring mainstreaming gender as such collaborations are developed.

- 2. *Facilitation of national investment planning:*** Support, through existing programming processes and communicating of the long-term vision on complementarity, country-owned national planning and priority setting for programming to utilize opportunities across the GEF and GCF in the context of the climate finance landscape to translate NDCs into investments, engaging existing and prospective implementing entities/Agencies. Alignments with, and contributions to, post-COVID-19 stimulus and climate-resilient recovery efforts will be encouraged. Other partners, such as NDC Partnership and individual agencies can be invited to engage. The first phase of this facilitation of national investment planning will be supported upon request from the country, in up to five countries during the GEF-8/GCF-1 period.
- 3. *Develop a list of activities or programs each fund will prioritize:*** The two funds will aim for better coordination and greater efficiency of project and program preparation by streamlining consultation processes with countries, optimizing number of missions and consultants involved, and identifying potential duplication of funding, among others. The two funds will also identify a number of key common themes, and provide examples of respective focus and prioritize of each fund to articulate differences and minimize duplication.³ This list will be included as part of a joint update to the GCF Board and GEF Council (described further in the section below).
- 4. *Support collaborating financing platforms:*** As part of the coordinated support for major initiatives (see objective 1 above), the two funds could support the establishment and deployment of collaborating financing platforms. Such effort can build on successful experiences among multilateral development banks (MDBs), considering the benefits, value additions and transaction costs.⁴

II. Sharing information, lessons learned and knowledge

² Early potential examples of private sector-oriented collaboration may include: Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT) and Land Degradation Neutrality (LDN) Fund.

³ Examples of potential common themes include: (1) national adaptation plans (NAPs), where the GCF focus may be on the readiness and NAP preparations, while the GEF LDCF focus may be on the NAP implementation; (2) oceans, where the GEF focus may be on blue economy and marine/fisheries from biodiversity and international waters perspectives, while the GCF focus may be on blue carbon; and (3) GEF focus on grant support to pilot innovative adaptation technologies and facilitating private sector engagement, and GCF emphasis on mobilizing blended finance. The two funds will identify such themes and articulate the differentiation to minimize overlap.

⁴ One example is the MDB [platform to coordinate support for economic migration and forced displacement](#).

5. **Information sharing, exchange and application of lessons learnt from portfolio to strengthen implementation of projects and programmes:** The Funds will review and apply relevant lessons learned across institutions in areas of project monitoring, indicators, and other relevant aspects of project implementation to ease implementation for countries and partner Entities/Agencies, including experiences on promoting gender responsive actions.
6. **Collaborate on development of methodologies and guidance to maximize climate impacts through strong project design:** The two funds agree to produce and use a set of guidance products and methodologies for designing projects and measuring their impact, to maximize emissions reduction and adaptation impacts.

III. Communication and outreach

7. **Communication and inclusion of long-term vision on complementarity in respective fund's Programming:** Relevant elements in this LTV will be included in the strategic documents in current and future replenishment and programming cycles. This includes providing clarity to partners thorough dissemination of a set of principles and guidance for stronger project design that takes into account complementarity and coherence in the same industry/sector across funds and regions, as well as clarifying activities or programs each fund will minimize through better coordination to reduce the costs of project and program preparation by streamlining consultation processes with countries, decreasing the number of missions and consultants involved, better identifying potential duplication of funding, among others.
8. **Collaborate on communications, outreach, and sharing of lessons learned:** The two secretariats will enhance outreach and communication efforts, and on sharing of lessons learned from coordination and complementarity efforts. This will include a joint announcement of the LTV by the GEF CEO and GCF Executive Director at UNFCCC COP 26, dialogues with interested contributors, and outreach efforts in the lead-up to the COP 26 and beyond.

WAY FORWARD

15. The GEF CEO and the GCF Executive Director will present this LTV document to the respective governing bodies in 2021, and instruct the Secretariats to take this work forward as follows:

1. **Establish a steering committee:** The two secretariats will establish a steering committee that supports the planning and implementation of initiatives under the LTV.
2. **Submit a joint update to the GCF Board and GEF Council:** The two secretariats will prepare and submit a joint progress report to the respective boards every year on activities undertaken and results to date, highlighting how the two funds are supporting enhanced impact and outcomes through the implementation of the LTV.

The first update will be provided in 2021. Sharing of views among the Board/Council members may be encouraged through a joint session/meeting, upon mutual agreement.

- 3. *Commission a study on processes and policies:*** The two secretariats will conduct a thorough analysis of processes and policies of both funds to identify recommendations to support complementarity and coherence and assist developing countries and partners generate long-lasting results in climate change adaptation and mitigation.
- 4. *Include LTV in official documents:*** The two secretariats will commit to include relevant elements of the LTV in the GEF-8 programming directions and GCF-1 related documents.