

Transformational Role of the Green Climate Fund

Opportunities and Challenges

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Transformational Change: What is it?

- No common definition
- Goes beyond incremental change – fundamental shift from one state to another
- Working definition: Transforming production processes and consumption patterns, enhancing institutional capabilities and adopting planning processes to enable low-emission (mitigation) and climate resilient development (adaptation) pathways.



Key Elements Driving Transformational Change

A radical paradigm shift in beliefs and behaviour :

- Policy Frameworks
 - Foster low emissions and climate resilience for sustainable development
 - Local, regional, national, global policy shifts
 - Paradigm shifts in national planning
- Economic, Technological and Infrastructure shifts
 - New economic (business and production) development models
 - Technology development and transfer at large scale
 - Shift to sustainable infrastructure
- Behavioural change
 - Institutional and societal change at scale
 - Innovative public-private partnerships
 - Transparency and accountability



Finance and Transformational Change

- Mobilize, catalyze and leverage public and private capital to generate the volume of finance needed to achieve transformation at scale
- Promote and facilitate access to resources at scale to enable sustainable transformation
- Generate synergies in economic growth and development priorities in ways that maximize transformation



Green Climate Fund and Transformational Change

- Existing financial mechanisms and institutions do not allow for a real transformational change...**why?**
- The **GCF can be an important element** of global and national transformational processes and support shifts towards low-emission and climate resilient economic and development pathways
- As transformational paths are different due to different national circumstances, the GCF has to deal with “transformation” **ensuring country ownership**
- **Transformational change requires that GCF:**
 - Establish climate change as an overarching objective
 - Reinforce cross-cutting integration objectives in mitigation and adaptation related sectors
 - Develops tools to work with risk and uncertainty: overcoming constraints linked to short term political cycles



Green Climate Fund and Transformational Change

- The GCF can promote transformational processes through **key activities and new governance and delivery systems**.
- Transformational processes in mitigation bring in country and global benefits in the medium and long term, then attracting further financial flows. **Up front investments need to be ensured**.
- Transformational processes in adaptation ask for a **new approach to sectoral related policies** ensuring consistency with climate scenarios that are uncertain
- The GCF can support **key activities**:
 - ✓ long term national/regional climate strategies
 - ✓ programmatic sector-wide approaches
 - ✓ encourage replicable and innovative prototypes and models
 - ✓ leverage national and international private sector resources



Green Climate Fund and Transformational Change

- The GCF requires **different governance and delivery systems**. Key elements are:
 - ✓ scaling up resources flows from all sources
 - ✓ predictable and reliable finance
 - ✓ direct access to funding by developing countries
 - ✓ ownership and country-led approaches
 - ✓ engaging stakeholders
 - ✓ coherence and complementarity with existing activities
 - ✓ transforming donor practices
 - ✓ enhancing accountability
 - ✓ measuring transformation. **Innovative follow-up and monitoring methodologies will be needed to:**
 - Ensure effectiveness in mitigation and adaptation
 - Promote up-front investments that ensure long term benefits
 - Increase resilience of economic and development pathways with a multiplier effect



Questions for discussion...

- Is the proposed GCF design innovative enough to catalyze finance at scale and enable transformational change?
- Does the current design of the GCF support the scale and absorption capacity needed for transformational change in developing countries within the next decade?
- How can the GCF support countries in developing and testing innovative prototypes for low-carbon and climate resilient development with the potential to be replicated in different country systems?



Questions for discussion...

- What role can CSOs play in achieving transformational change?
- What concrete systems at local and international level should be put in place to encourage active and transparent CSO engagement in the GCF?
- How could programming by the GCF strengthen national capacity to address climate change and its impacts, including by mainstreaming capacity building and into all GCF programming?

