

United Nations
Framework Convention on Climate Change
**GUIDANCE FROM THE CONFERENCE
OF THE PARTIES AND RESPONSES BY
THE GLOBAL ENVIRONMENT FACILITY**
20 YEARS



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

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Introduction

The Global Environment Facility (GEF) is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). Article 11 of the Convention states that the financial mechanism “shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention.” To operationalize the financial mechanism, the Conference of Parties (COP) and the GEF Council agreed to a memorandum of understanding (MOU) in 1996.

Since adoption of this MOU, the COP has provided guidance regularly to the GEF. By COP 19 in 2013, the number of COP decisions and paragraphs including guidance to the GEF amounts to 73 and 241, respectively (see the table on next page). The GEF has responded by incorporating COP guidance into its climate change mitigation and adaptation strategies, by approving projects and programs, and by continually adapting its policies and procedures. The GEF has also placed a strong emphasis on: its own institutional and procedural reform, promoting transparency and readier access to GEF funds; country engagement and empowerment; National Communications; support for technology transfer; and all other areas of Convention guidance. These GEF responses to COP guidance have been described annually in the GEF’s report to the COP.

The most recent COP guidance was provided at COP 19 in Warsaw in 2013. COP 19 guidance to the GEF concerns the intended Nationally Determined Contributions (NDCs), biennial update reports (BURs), reduced emissions from deforestation and forest degradation (REDD+), National Adaptation Plans (NAPs), the Least Developed Countries Fund (LDCF) and its sixth replenishment period (GEF-6) Guidance from the latest COP also concerns clarifying the concept of co-financing and its application, supporting the implementation of country-driven projects identified in the Technology Needs Assessments (TNAs), continuing the voluntary National Portfolio Formulation Exercise, finalizing the accreditation of new project agencies, streamlining the project cycle, strengthening collaborative efforts with the Standing Committee on Finance and other topics. GEF responses to COP 19 guidance are described in its report to COP 20.

This booklet summarizes all COP guidance dating from the first COP to COP 19, as well as all corresponding GEF responses. Its goal is to provide full documentation of the evolution of GEF activities and policies as informed by guidance from the COP. The booklet consists of 19 sections, each of which provides guidance from a COP and GEF responses to all of the COP’s decisions. The COP guidance and GEF responses are presented in reverse chronological order, starting with COP 19 and ending with COP 1.

It should be noted that, as many GEF responses have already been described in past reports, some responses within may appear outdated. Nevertheless, such information should prove helpful in following historical trends and in highlighting cumulative action.

Annexes of the booklet provide the MOU between the COP and the GEF Council, guidelines for the review of the financial mechanism, and GEF project terms.

TABLE. NUMBER OF COP DECISIONS INCLUDING GUIDANCE TO THE GEF

Year	COP	Number of COP decisions including guidance to the GEF*
1995	COP 1	4 (8)
1996	COP 2	2 (6)
1997	COP 3	1 (1)
1998	COP 4	3 (8)
1999	COP 5	2 (4)
2000	COP 6	0 (0)
2001	COP 6-2	1 (8)
2001	COP 7	6 (24)
2002	COP 8	5 (14)
2003	COP 9	4 (17)
2004	COP 10	6 (23)
2005	COP 11	3 (12)
2006	COP 12	4 (18)
2007	COP 13	5 (13)
2008	COP 14	4 (15)
2009	COP 15	0 (0)
2010	COP 16	6 (16)
2011	COP 17	5 (19)
2012	COP 18	8 (16)
2013	COP 19	4 (19)
Total		73 (241)

* The number in parenthesis is the number of paragraphs containing guidance to the GEF. Subparagraphs are not counted.

Abbreviations and Acronyms

3NC	Third National Communication	NAPA	National Adaptation Programme of Action
ADB	Asian Development Bank	NC	National Communication
ADP	Ad Hoc Working Group on the Durban Platform for Enhanced Action	NCPCC	National Communications Programme for Climate Change
AfDB	African Development Bank	NCSA	National Capacity Self-Assessment
AMCEN	African Ministerial Conference on the Environment	NCSP	National Communications Support Program
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action under the Convention	NDC	Nationally Determined Contribution
BUR	Biennial Update Report	NDI	National Dialogue Initiative
CBO	Community-Based Organization	NGO	Non-governmental Organization
CCS	Carbon Capture and Storage	NPFE	National Portfolio Formulation Exercise
CDI	Capacity Development Initiative	OFF	Operational Focal Point
CEO	Chief Executive Officer	OPS	Overall Performance Study
CGE	Consultative Group of Experts	OPS2	Second Overall Performance Study
CI	Conservation International	OPS3	Third Overall Performance Study
CIF	Climate Investment Funds	OPS4	Fourth Overall Performance Study
COP	Conference of the Parties	OPS5	Fifth Overall Performance Study
CPACC	Caribbean Planning for Adaptation to Climate Change	PAS	Pacific Alliance for Sustainability
CSO	Civil Society Organization	PDF-B	Project Development and Preparation
CSP	Country Support Program	PFAN	Private Financing Advisory Network
CTCN	Climate Technology Centre and Network	PICCAP	Pacific Islands Climate Change Assistance Programme
CTI	Climate Technology Initiative	PIF	Project Identification Form
EBRD	European Bank for Reconstruction and Development	POPs	Persistent Organic Pollutants
ECW	Expanded Constituency Workshop	PPP	Public-Private Partnership
EGTT	Expert Group on Technology Transfer	RAF	Resource Allocation Framework
EST	Environmentally Sound Technology	RBM	Results-Based Management
FAO	Food and Agriculture Organization of the United Nations	REDD+	Reducing Emissions from Deforestation and Forest Degradation plus
FSP	Full-Sized Project	SANET	Sustainable Alternatives Network
FY	Fiscal Year	SBI	Subsidiary Body for Implementation
GCF	Green Climate Fund	SBSTA	Subsidiary Body for Scientific and Technological Advice
GEBS	Global Environmental Benefits	SCF	Standing Committee on Finance
GEF	Global Environment Facility	SCCF	Special Climate Change Fund
GEF-3	Third Replenishment Period	SCCF-A	Special Climate Change Fund Adaptation Program
GEF-4	Fourth Replenishment Period	SCCF-B	Special Climate Change Fund Program for Technology Transfer
GEF-5	Fifth Replenishment Period	SCCF-C	Special Climate Change Fund Program for Mitigation in Different Sectors
GEF-6	Sixth Replenishment Period	SCCF-D	Special Climate Change Fund Program for Economic Diversification
GEF EO	Global Environment Facility Evaluation Office	SFM	Sustainable Forest Management
GEF IEO	Global Environment Facility Independent Evaluation Office	SGP	Small Grants Programme
GEF TF	Global Environment Facility Trust Fund	SIDS	Small Island Developing States
GHG	Greenhouse Gas	SME	Small and Medium Enterprise
GSP	Global Support Program	SNC	Second National Communication
IDA	International Development Association	SPA	Strategic Priority on Adaptation
IDB	Inter-American Development Bank	SPREP	Secretariat of the Pacific Regional Environment Programme
IFAD	International Fund for Agricultural Development	STAP	Scientific and Technical Advisory Panel
IGCC	Integrated Gasification Combined Cycle	STAR	System for Transparent Allocation of Resources
IPCC	Intergovernmental Panel on Climate Change	STRM	Short-term Response Measures
IT	Information Technology	TC	Transitional Committee
IUCN	International Union for Conservation of Nature	TNA	Technology Needs Assessment
LEG	Least Developed Countries Expert Group	UNDP	United Nations Development Programme
LDC	Least Developed Country	UNEP	United Nations Environment Programme
LDCF	Least Developed Countries Fund	UNITAR	United Nations Institute for Training and Research
LULUCF	Land Use, Land-Use Change, and Forestry	UNFCCC	United Nations Framework Convention on Climate Change
M&E	Monitoring and Evaluation	UNIDO	United Nations Industrial Development Organization
MDB	Multilateral Development Bank	WWF-US	World Wildlife Fund, Inc.
MOU	Memorandum of Understanding	WSSD	World Summit on Sustainable Development
MSP	Medium-Sized Project		
NAMA	Nationally Appropriate Mitigation Action		
NAP	National Adaptation Plan		



Warsaw, Poland

I. COP 19 Guidance and GEF Responses

1. The nineteenth session of the Conference of the Parties (COP 19) was held from November 11 to 22, 2013 in Warsaw, Poland. Decisions at COP 19 include guidance to the GEF. GEF responses to the guidance and Subsidiary Body for Implementation (SBI) 39/401 conclusions are included in its report to COP 20. The reporting period is GEF fiscal year (FY) 2014, from July 1, 2013 to June 30, 2014.

A. Further advancing the Durban Platform (Decision 1/CP.19)

COP 19 guidance

2. In Decision 1/CP.19 on “Further advancing the Durban Platform”, paragraph 2, the COP decided, in the context of its determination to adopt a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties at its twenty-first session and for it to come into effect and be implemented from 2020 to:
 - (a) To invite all Parties to initiate or intensify domestic preparations for their intended nationally determined contributions, without prejudice to the legal nature of the contributions, in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties towards achieving the objective of the Convention as set out in its Article 2 and to communicate them well in advance of the twenty-first session of the Conference of the Parties (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended contributions, without prejudice to the legal nature of the contributions.
 - (b) To request the Ad Hoc Working Group on the Durban Platform for Enhanced Action to identify, by the twentieth session of the Conference of the Parties, the information that Parties will provide when putting forward their contributions, without prejudice to the legal nature of the contributions, referred to in paragraph 2(b) above.
 - (c) Urge and request developed country Parties, the operating entities of the financial mechanism and any other organizations in a position to do so to provide support for the related activities referred to in paragraphs 2(b) and 2(c) above as early as possible in 2014.

GEF's response

3. The GEF has made available resources for countries to prepare their NDCs, and has participated in various meetings and workshops to encourage countries to utilize the available GEF resources for this purpose. A component has been added to the Global Support Program (GSP) for National Communications (NCs) and BURs to provide technical assistance to countries to prepare their intended

1 SBI 39 was held from November 11 to 16, 2013 in Warsaw, Poland. SBI 40 was held from June 4 to 15, 2014 in Bonn, Germany.

2 GEF responses to COP 19 guidance are as of the date when the GEF report to COP 20 was compiled (August 15, 2014), unless stated otherwise. The GEF report to COP 20 is available at <<http://unfccc.int/resource/docs/2014/cop20/eng/02.pdf>>.

NDCs for the 2015 Agreement. In June 2014, the GEF approved projects for Azerbaijan, Côte d'Ivoire, Iraq, Thailand, Tunisia, Timor Leste and Yemen to prepare their intended NDCs.

B. Report of the GEF to the COP and guidance to the GEF (Decision 6/CP.19)

COP 19 guidance

4. In Decision 6/CP.19 on "Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility", paragraph 3, the COP requests the Global Environment Facility to clarify the concept of co-financing and its application in the projects and programs of the Global Environment Facility.
5. In Decision 6/CP.19, paragraph 4, the COP requests the Global Environment Facility to further specify the steps that it has undertaken in response to the request contained in decision 9/CP.18, paragraph 1(c).
6. In Decision 6/CP.19, paragraph 5, the COP further requests the Global Environment Facility to include, in its report to the Conference of the Parties at its twentieth session (December 2014), information on the modalities that it has established in response to paragraph 5 of the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility.
7. In Decision 6/CP.19, paragraph 8, the COP emphasizes the need for the Global Environment Facility to consider lessons learned from past replenishment periods in its deliberations on the strategy for the sixth replenishment in order to continue to increase the effectiveness of its operations.
8. In Decision 6/CP.19, paragraph 9, the COP calls upon developed country Parties, and invites other Parties that make voluntary financial contributions to the Global Environment Facility, to ensure a robust sixth replenishment in order to assist in providing adequate and predictable funding.
9. In Decision 6/CP.19, paragraph 10, the COP requests the Global Environment Facility to give due consideration in its sixth replenishment period to funding for Small Island Developing States and Least Developed Countries in order to enable them to address their urgent needs and to comply with their obligations under the Convention.
10. In Decision 6/CP.19, paragraph 11, the COP also requests the Global Environment Facility to support, within its mandate, the implementation of country-driven projects identified in the technology needs assessments prepared by developing country Parties.
11. In Decision 6/CP.19, paragraph 12, the COP encourages the Global Environment Facility to continue with its voluntary National Portfolio Formulation Exercise, which has been proved to enhance coordination and coherence at the national level.
12. In Decision 6/CP.19, paragraph 14, the COP also encourages the Global Environment Facility to finalize the accreditation of new project agencies and assess the possibilities for further expanding the direct access modality.
13. In Decision 6/CP.19, paragraph 15, the COP invites the Global Environment Facility and all of its implementing agencies and recipient countries to continue to work together to improve institutional arrangements, giving special consideration to expediting the project cycle.
14. In Decision 6/CP.19, paragraph 16, the COP encourages the Global Environment Facility to continue to increase the overall transparency and openness of its operations.

15. In Decision 6/CP.19, paragraph 17, the COP also encourages the Global Environment Facility to strengthen its collaborative efforts with the Standing Committee on Finance.
16. In Decision 6/CP.19, paragraph 18, the COP requests the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision.

GEF's response

Co-financing

17. The GEF Secretariat has, in consultation with the GEF Agencies, developed a proposal for a new co-financing policy, which was approved by the GEF Council at its 46th meeting on May 25-26 2014. The GEF Secretariat's new policy adopts a clearer definition of co-financing for GEF Trust Fund projects, and includes revised requirements for GEF-financed projects during different stages in the GEF project cycle. The document also describes the GEF's approach to mobilizing co-financing during the GEF-6 period (July 2014 to June 2018)³.

National Adaptation Plans

18. On March 21, 2014, the LDCF/ Special Climate Change Fund (SCCF) Council approved an SCCF grant amounting to \$4.93 million towards the full-sized project "*Global: Assisting Non-LDC Developing Countries with Country-driven Processes to Advance National Adaptation Plans (NAPs)*".
19. The program seeks to strengthen institutional and technical capacities to allow non-Least Developed Country (LDC) developing countries to integrate Climate Change Adaptation into their medium- and long-term development planning processes in a continuous, progressive and iterative manner. The project has three main components, aiming to: (i) enhance the capacities of non-LDC Parties to advance medium- and long-term adaptation planning in the context of their development policies, strategies, plans and budgets; (ii) develop and disseminate tools and approaches to support the NAP process; and (iii) promote the exchange of lessons and knowledge through South-South and North-South cooperation.
20. Consistent with the decision taken by the LDCF/SCCF Council at its 14th meeting in June 2013, the GEF Secretariat also invited developing countries to put forward proposals under the SCCF for medium-sized projects (MSPs), full-sized projects (FSPs) and programmatic approaches that would contribute towards the preparation of their NAP processes, consistent with the objectives, principles and scope of the process, as defined in decision 5/CP.17 and specified in document GEF/LDCF.SCCF.14/06, 'Operationalizing Support to the Preparation of the NAP Process in Response to Guidance from the UNFCCC COP'.
21. The GEF, through its existing portfolio of SCCF projects and programs, is already providing significant support towards the objectives of the NAP process, and future support will build on the progress made to date. GEF support, through the SCCF, towards the preparation of the NAP process in non-LDC developing countries is further elaborated in the GEF's submission to the SBI of March 26, 2014, which is available on the UNFCCC website.⁴

Project proposals

22. As indicated in paragraph 5 of the MOU between the COP and the GEF Council, the GEF Council approves the GEF work program consisting of project proposals, taking into consideration comments from GEF Council members, relevant Convention secretariats, Scientific and Technical Advisory Panel (STAP), representatives from civil society organizations (CSOs), and other stakeholders. Project proposals need to be endorsed by a country's GEF operational focal point (OFP) before they are submitted to

3 This document (GEF Policy FI/PL/01) can be found at the following link: <<http://www.thegef.org/gef/policy/co-financing>>.

4 <<http://unfccc.int/resource/docs/2014/smsn/igo/156.pdf>>.

the GEF Secretariat; projects often emerge from a country planning exercise, involving stakeholders, to identify priorities for GEF programming. Project proposals submitted to the GEF Secretariat are also shared with the appropriate Convention secretariats for comments to be transmitted to the GEF Secretariat; Convention secretariats are also invited to participate in the GEF Operations Committee meetings that finalize work programs prior to submissions of GEF project proposals to the GEF Council. Collaborating with recipient countries, the GEF agencies respond to these comments and take actions during project preparation to improve project designs and other implementation arrangements. Furthermore, the GEF Secretariat works with the agencies to ensure that all proposed projects are in compliance with eligibility criteria, GEF policies, and focal area strategies. To date, the GEF Council has not been requested to provide clarification on a specific funding decision on the basis of compliance with the policies, program priorities and eligibility criteria established by the COP in the context of the Convention; or to reconsider such a decision. The GEF Council will provide further clarification on any funding decision in accordance with the MOU with the COP, should the COP request it.

GEF-6

23. At the November 2012 Council meeting, the GEF Council requested the Trustee of the GEF, in cooperation with the GEF Chief Executive Officer (CEO), to initiate discussions on GEF-6. GEF-6 was informed by an independent overall performance study (OPS5), which was undertaken by the Independent Evaluation Office of the GEF (GEF IEO). OPS5 provided a comprehensive evaluation that assessed the performance, institutional effectiveness, and impact of the GEF, and also identified potential improvements. To help inform the replenishment process, the first report of OPS5 was presented at the first replenishment meeting. The progress report was presented at the second replenishment meeting. The final OPS5 report was presented at the third replenishment meeting and circulated to facilitate the considerations of lessons learned in the GEF-6 strategy deliberations during the replenishment process.
24. The fourth and final meeting of the replenishment process was held in April 2014, at which donor pledges were finalized, with a total of \$4.43 billion. The 'Summary of Negotiations' and the core replenishment documents (Programming document, Policy recommendations and draft Replenishment Resolution) were endorsed by the GEF Council at its 46th meeting in May 2014. The Council requested the GEF (CEO) to transmit the Summary of Negotiations and the core replenishment documents to the World Bank's Executive Directors for consideration and adoption of the Replenishment Resolution. The financing period under GEF-6 will begin when the World Bank Executive Directors adopt the GEF-6 Replenishment Resolution. This Resolution authorizes the World Bank to act as Trustee of the GEF Trust Fund (GEFTF). The Trustee will inform donors of the adoption of the Resolution, and donors will work to formalize their pledges to the replenishment. Once donors have obtained the appropriate parliamentary authorization and/or budgetary approval to participate in the replenishment, they will deposit an Instrument of Commitment with the Trustee. This will initiate the implementation of the new replenishment. GEF-6 is expected to fund four years of GEF operations and activities, beginning July 1, 2014 and ending June 30, 2018 (FY 2015-FY 2018).
25. During GEF-6 negotiations, participants agreed on the need to provide more resources to LDCs and Small Islands Developing States (SIDS), in line with the recent guidance from the Conventions. The mechanism that allocates resources to countries within the climate change mitigation, biodiversity and land degradation focal areas was reviewed, and modifications designed to enable the GEF to better effect global environmental impact and transformational change, were adopted by the GEF Council in May 2014. These modifications both directly and indirectly target the LDCs and the SIDS, with an aim to allocate more resources to these groups of countries in order to address their known environmental vulnerabilities.

Country-driven Projects Identified in TNAs

26. When reviewing climate change project proposals, the GEF Secretariat systematically checks whether the project proposals are consistent with the results of the TNAs prepared by developing country Parties, if these exist. The GEF Secretariat encourages countries and agencies to develop project proposals that are consistent with existing TNAs, in a country-driven manner.

National Portfolio Formulation Exercise

27. The GEF Secretariat followed the Council's request on including proposals for continuation of National Portfolio Formulation Exercise (NPFE) support in GEF-6, to be implemented through the Secretariat. The Council also requested to use the balance of the fifth replenishment period (GEF-5) NPFE support for programming exercises to enable countries, on a voluntary basis, to prepare for GEF-6. Therefore, after some consultations, the GEF Secretariat updated the NPFE guidelines to make this exercise available to countries.⁵

Accreditation Pilot

28. The Accreditation Pilot began in January 2012. The GEF Council, at its 42nd meeting in June 2012, approved 11 applicant entities to progress to Stage II of the accreditation process. Since then, the independent GEF Accreditation Panel (the Panel) has been conducting Stage II reviews of these applicants in order to assess their level of compliance with the GEF's Fiduciary Standards as well as its Environmental and Social Safeguards, including Gender Mainstreaming. Thus far, four applicants, namely World Wildlife Fund, Inc. (WWF-US), Conservation International (CI), International Union for Conservation of Nature (IUCN) and the Development Bank of Southern Africa have successfully completed their Stage II review process, receiving approval from the Panel for accreditation to become GEF project agencies. The process of Panel reviews of remaining applicants is continuing.

Project Cycle Arrangements

29. The GEF Secretariat and GEF agencies continue to work on streamlining the project cycle. In addition to the eight measures currently under implementation, four working groups were formed to further explore measures that could expedite project processing. These four working groups are: (i) Further Simplification of Templates and MSP Process; (ii) Regional Projects; (iii) Co-financing; and (iv) Corporate Activities. The status of these working groups and their findings were included in a progress report on streamlining of the GEF project cycle submitted to the May 2014 Council Meeting.

Transparency

30. Transparency and openness of its operations are objectives that the GEF Council, the GEF Secretariat and agencies pursue continuously. Most recently, the GEF Secretariat created a space on the GEF website to post all GEF policies and strategies, as opposed to previously having to search through all Council documents to locate a particular GEF policy. An effort is underway to upload policy and strategy documents to this space so that all GEF policies will become publicly accessible at one place⁶. The policies posted on the website also incorporate Council discussions and comments, and will thus provide an alternative to the Joint Summary of Chairs for Council decisions concerning a particular policy. This initiative is providing added transparency on GEF activities and operations.

Collaboration with Standing Committee on Finance

31. The GEF continues to support and inform the work of the Standing Committee on Finance (SCF) through participation in SCF meetings and provision of information. The GEF also contributed information towards the Committee's biennial assessment and overview of climate finance flows, and engaged in consultations regarding the fifth review of the financial mechanism.

C. Work programme on results-based finance to progress the full implementation of the activities referred to in decision 1/CP.16, paragraph 70 (Decision 9/CP.19)

COP 19 guidance

32. In Decision 9/CP.19 on "Work programme on results-based finance to progress the full implementation of the activities referred to in decision 1/CP.16, paragraph 70", paragraph 5, the COP encourages entities financing the activities referred to in decision 1/CP.16, paragraph 70, through the wide variety

5 <https://www.thegef.org/gef/NPFE_template>.

6 <<http://www.thegef.org/gef/policies>>.

of sources referred to in decision 2/CP.17, paragraph 65, including the Green Climate Fund in a key role, to collectively channel adequate and predictable results-based finance in a fair and balanced manner, taking into account different policy approaches, while working with a view to increasing the number of countries that are in a position to obtain and receive payments for results-based actions.

33. In Decision 9/CP.19, paragraph 6, the COP also encourages the entities referred to in paragraph 5 of this decision, when providing results-based finance, to apply the methodological guidance consistent with decisions 4/CP.15, 1/CP.16, 2/CP.17, 12/CP.17 and 11/CP.19 to 15/CP.19 as well as this decision, in order to improve the effectiveness and coordination of results-based finance.
34. In Decision 9/CP.19, paragraph 8, the COP encourages entities financing the activities referred to in decision 1/CP.16, paragraph 70, through the wide variety of sources referred to in decision 2/CP.17, paragraph 65, to continue to provide financial resources to alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests.

GEF's response

35. The GEF, through its Climate Change Mitigation programming under 'reducing emissions from land use, land-use change and forestry (LULUCF)' and Sustainable Forest Management (SFM)/REDD+ incentive program, has provided significant resources and will continue to support activities described under 1/CP.16, paragraph 70.⁷
36. The GEF continues to provide support for a range of technical and policy-related capacity-building activities that contribute to implementation of the decisions. This support includes, but is not limited to, identifying drivers of deforestation or degradation, implementation of activities to reduce emissions caused by such drivers, and use of appropriate methodologies to estimate related greenhouse gas (GHG) emissions and removals.
37. The GEF is equipped with modalities to finance joint mitigation and adaptation approaches and encourages more countries to seek support for such approaches.

D. National Adaptation Plans (Decision 18/CP.19)

COP 19 guidance

38. In Decision 18/CP.19 on "National Adaptation Plans", paragraph 4, the COP invites developed country Parties, United Nations organizations, specialized agencies and other relevant organizations, as well as bilateral and multilateral agencies, to continue to enhance financial and technical support to the national adaptation plan process for the least developed countries Parties, and other interested developing country Parties that are not least developed countries.
39. In Decision 18/CP.19, paragraph 5, the COP invites United Nations organizations, specialized agencies and other relevant organizations, as well as bilateral and multilateral agencies to consider establishing or enhancing support programmes for the national adaptation plan process within their mandates, as appropriate, which could facilitate the provision of financial and technical support to developing country Parties that are not least developed countries, and to submit to the secretariat, by March 26, 2014, information on how they have responded to this invitation.

7 SFM is designed as an incentive for a project where two or more focal area objectives are addressed.

SBI 39 Conclusion

40. Under SBI 39 agenda item 10, paragraph 111, the SBI welcomes the establishment of the NAP global support programme for the LDCs for facilitating technical support to the LDC Parties, and invited developed country Parties, United Nations organizations, specialized agencies, and other relevant organizations, as well as bilateral and multilateral agencies to enhance support to the programme, and to other relevant programmes, to address the needs of all LDC Parties in initiating the NAP process.

SBI 40 Conclusion

41. Under SBI 40 agenda item 8, paragraph 97, the SBI further took note of the activities carried out by the National Adaptation Plan Global Support Programme for the LDCs, and invited developed country Parties, United Nations organizations, specialized agencies, and other relevant organizations, as well as bilateral and multilateral agencies, to enhance support to the programme, and to other relevant programmes, to address the needs of all LDC Parties in initiating the NAP process.

GEF's response

42. Please refer to the response to decision 6/CP.19 above, paragraphs 18 to 21.
43. GEF support, through the SCCF, towards the preparation of the NAP process in non-LDC Parties is further elaborated in the GEF's submission to the SBI of March 26, 2014, which is available on the UNFCCC website⁸.
44. With regard to addressing the needs of LDCs in initiating their NAP processes, the LDCF project 'Global: Assisting LDCs with Country-driven Processes to Advance NAPs', is underway and is providing institutional and technical support to LDCs, as well as sharing information on tools, methods and other relevant resources that countries may draw on in advancing their NAP processes.
45. Through four regional training workshops carried out over the course of 2014, the project is providing representatives of all LDCs with an opportunity to learn about the NAP process and the associated technical guidelines developed by the Least Developed Countries Expert Group (LEG); relevant tools and methods; opportunities to access further financial and technical support; and to reflect on the progress they have made towards the objectives of the NAP process and their potential needs for further support. Progress made under the project is continuously updated on the project website⁹.
46. As in the case of the SCCF (see response to decision 6/CP.19 above), the GEF Secretariat has invited LDCs to put forward proposals under the LDCF for MSPs, FSPs and programmatic approaches that would contribute towards the preparation of their NAP processes. The GEF, through its existing portfolio of LDCF projects and programs, is already providing significant support towards the objectives of the NAP process, and future support will build on the progress made to date.

8 <<http://unfccc.int/resource/docs/2014/smsn/igo/156.pdf>>.

9 <<http://www.undp-alm.org/projects/naps-ldcs>>.

E. SBI 39/40 Conclusions on Reporting from Non-Annex I Parties

SBI 39 conclusions

47. Under SBI 39 agenda item 4(c) "*National communications from Parties not included in Annex I to the Convention - Provision of financial and technical support*", paragraph 33, The SBI invited the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of national communications by non-Annex I Parties, including information on the dates of the approval of funding and the disbursement of funds. It also invited the GEF to continue providing information on the approximate date of completion of the draft NCs, and an approximate date of submission to the secretariat of the NCs, for consideration at SBI 41 (December 2014).
48. Under SBI 39 agenda item 4(c), paragraph 34, the SBI invited the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of BURs, including information on the dates of the request for funding, approval of funding, disbursement of funds as well as an approximate date of submission to the secretariat of BURs, for consideration at SBI 40 (June 2014).
49. Under SBI 39 agenda item 4(c), paragraph 35, the SBI encouraged the GEF implementing agencies to continue facilitating the preparation and submission of project proposals by non-Annex I Parties for the preparation of their BURs.
50. Under SBI 39 agenda item 4(c), paragraph 36, the SBI encouraged the GEF to make support available to non-Annex I Parties for preparing their subsequent BURs in a timely manner, taking fully into account decision 2/CP.17, paragraph 41(a) and (e).

SBI 40 conclusions

51. Under SBI 40 agenda item 4 (b) on "*Reporting from Parties not included in Annex I to the Convention - Provision of financial and technical support*", paragraph 1, the SBI invited the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of BURs, including information on the dates of requests for funding, approval of funding and disbursement of funds, as well as the amount of funding disbursed to non-Annex I Parties for the preparation of BURs, and the amount of funding provided for the preparation of NCs during the same period, for consideration at SBI 41.
52. Under SBI 40 agenda item 4 (b), paragraph 3, the SBI invited the GEF to provide, in its report to COP 20, detailed information on the funding available under its latest replenishment to non-Annex I Parties for the preparation of national communications and BURs, and the total amount of funding available in its climate change focal area.
53. Under SBI 40 agenda item 4 (b), paragraph 5, the SBI, recalling decision 9/CP.18, reiterated its encouragement of the GEF to make support available to non-Annex I Parties for preparing their subsequent BURs in a timely manner, taking fully into account decision 2/CP.17, paragraph 41(a) and (e).

GEF's response

National Communications

54. The GEF continues to provide resources to non-Annex I countries to prepare their NCs and BURs using the existing policy guidelines, taking fully into account decision 2/CP.17 paragraphs 41 (a) and (e). The status of BURs as of April 30, 2014 can be found in Annex 9 of the GEF report to COP 20. A further update on the status of BURs and NCs will be submitted to the UNFCCC prior to COP 20.

Biennial Update Reports

55. Detailed information on the funding available in GEF-6 in the Climate Change Mitigation focal area was provided in the GEF report to COP 20. Information on the country allocations under the System for Transparent Allocation of Resources (STAR) is provided in Annex 1 of the same report. During GEF-6, each country can access up to \$500,000 and \$352,000 for NCs and BURs, respectively. If additional resources are required for these activities, they can be obtained from the country STAR allocation.

F. SBI 39 Conclusions on Technology Transfer

SBI 39 conclusions

56. Under SBI 39 agenda item 13(c) "*Poznan strategic programme on technology transfer*", paragraph 137, the SBI invited the GEF to continue to consult with the CTCN, through its Advisory Board and United Nations Environment Program (UNEP) as the host of the Climate Technology Center, on the support that the GEF will provide for the work of the CTCN and to report on the concrete results of the consultations at SBI 40 (June 2014).

SBI 40 conclusions

57. Under SBI 40 agenda item 11 (b), paragraph 139, the SBI invited the GEF to continue to consult with the Advisory Board of the CTCN on the support that the GEF will provide for the implementation of the five-year programme of work of the CTCN and to report on its findings for consideration at SBI 41.
58. Under SBI 40 agenda item 11 (b), paragraph 141, the SBI recalled its conclusions at SBI 39, namely the need for the GEF to align the further implementation of the element of the Poznan strategic programme on support for climate technology centres and a climate technology network with the operationalization and activities of the CTCN, taking into account decision 2/CP.17, paragraph 140, and to consult with the Advisory Board of the CTCN on this matter and report on its findings for consideration at SBI 41.

GEF's response

59. During the reporting period, the GEF Secretariat consulted with the Climate Technology Centre and Network (CTCN) on numerous occasions and reported on the concrete results of the consultation at SBI 40¹⁰. Details are available in Part II of this report. The GEF CEO approved in June 2014 a \$2 million project proposal entitled 'Promoting Accelerated Transfer and Scaled-up Deployment of Mitigation Technologies through the Climate Technology Center and Network (CTCN)', to be implemented by the United Nations Industrial Development Organization (UNIDO) on behalf of the CTCN consortium.

60. The GEF Secretariat will report to SBI 41 on the two items requested by SBI 40 conclusions.

10 See report on GEF consultation with the CTCN: < <http://unfccc.int/resource/docs/2014/sbi/eng/inf03.pdf>>.



Doha, Qatar

II. COP 18 Guidance and GEF Responses

1. The eighteenth session of the Conference of the Parties (COP 18) was held from November 26 to December 7, 2012 in Doha, Qatar. Decisions at COP 18 include guidance to the GEF. GEF responses to the guidance and SBI 37¹¹ conclusions are included in its report to COP 19¹². The reporting period is GEF FY 2013, from July 1, 2012 to June 30, 2013

A. Report of the GEF to the COP and additional guidance to the GEF (Decision 9/CP.18)

COP 18 guidance

2. In decision 9/CP.18 on "*Report of the Global Environment Facility to the Conference of the Parties and additional guidance to the Global Environment Facility*", paragraph 1, requests the GEF: (a) to make available support to non-Annex I Parties for preparing their subsequent BURs, fully taking into account decision 2/CP.17, paragraph 41(a) and (e); (b) to provide funds for technical support for the preparation of BURs from non-Annex I Parties, similar to that provided by the National Communications Support Program, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I Parties for the preparation of their BURs.
3. In decision 9/CP.18, paragraph 2, the COP also requests the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, in its annual report to the Conference of the Parties, to include information on the steps it has taken to implement the guidance provided in paragraph 1 above;
4. In decision 9/CP.18, paragraph 3, the COP invites the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to submit to the Subsidiary Body for Implementation at its thirty-eighth session, through the secretariat, information on the status of resources available for programming in its fifth replenishment period, and on any possible contingency measures regarding the allocation of resources for implementing climate change projects.
5. Decision 9/CP.18, paragraph 6, the COP requests the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to make its annual report to the Conference of the Parties available as early as possible and no later than 14 weeks prior to a session of the Conference of the Parties, for consideration by Parties.
6. Decision 9/CP.18, paragraph 9, the COP also requests the Standing Committee to provide to the Conference of the Parties at each of its sessions, beginning in 2013, draft guidance for the Global

11 SBI 37 was held from November 26 to December 1, in Doha, Qatar. No relevant guidance to the GEF was given at SBI 38.

12 GEF responses to COP 18 guidance are as of the date when the GEF report to COP 19 (FCCC/CP/2013/3) was compiled (July 1, 2013), unless stated otherwise. The GEF report to COP 19 is available at < https://unfccc.int/documentation/documents/advanced_search/items/6911.php?prirref=600007570>.

Environment Facility, as an operating entity of the financial mechanism of the Convention, based on the annual report of the Global Environment Facility to the Conference of the Parties and the views submitted by Parties as set out in paragraph 7 above.

SBI Conclusions

7. Under SBI 37 agenda item 4(c), paragraph 35, the SBI invited the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of BURs, including information on the dates of requests for funding and approval of funding, as well as of disbursement of funds, for consideration by the SBI at its thirty-eighth session.
8. The SBI also recommended, in paragraph 39, that the COP at its eighteenth session requests the GEF to provide funds for technical support for the preparation of BURs from non-Annex I Parties, similar to that provided by the National Communications Support Program, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I Parties for the preparation of their BURs, and it invited the GEF to report on this matter in its report to the COP at its nineteenth session.

GEF's response

Annual Report of the Global Environment Facility

9. The GEF continues to make every attempt to make the report available to the Parties in a timely manner.¹³

Report of the Global Environment Facility on the Status of Resources

10. The GEF secretariat has submitted the report on the status of resources, dated March, 28 2013, to SBI 38 through the UNFCCC secretariat. Moreover, the GEF has since issued, for the June 2013 44th Council of the GEF, a report on GEF-5 Programming (document GEF/C.44/07)¹⁴ with updated figures. The report describes that actions taken by a number of donors to release their deferred contributions, together with timely payment of installments from Contributing Participants, have reduced the potential shortfall.

Biennial Update Reports

11. The GEF finances BURs through the same financing modality used for NCs. The GEF has prepared policy guidelines for the financing of BURs for non-Annex I Parties, which were distributed to all Parties in early 2012. The policy guidelines provide that, for the BURs, non-Annex I Parties can access up to \$352,000 through a GEF Agency or by direct access. The STAR¹⁵ allocation can be used for additional support required, including subsequent BURs. All requests for NCs and BURs have been financed.
12. The GEF Council in November 2012 approved the project titled "*Global Support Program for Preparation of National Communications and Biennial Update Reports for non-Annex I Parties under the UNFCCC*". This project supports non-Annex I Parties to strengthen their technical and institutional capacities to ensure effective preparations of the BURs along with the NCs. The list of BURs supported in FY 2013 is provided in the GEF report to COP 19 (Part I, section B1), and Annex 8 of the GEF report to SBI 38 gives information on the status of request for resources for BURs for the same fiscal year.

13 Fourteen weeks prior to the 2013 session of the Conference of the Parties is August 5, 2013.

14 <<http://www.thegef.org/gef/meetingdocs/97/454>>.

15 On the STAR, please see paragraph 88 of the GEF report to COP 19.

B. Further guidance to the LDCF (Decision 10/CP.18)

COP 18 guidance

13. The COP, in decision 10/CP.18 on "*Further guidance to the Least Developed Countries Fund*", paragraph 5, requests the GEF, as an operating entity of the financial mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund:
- (a) To continue to support all activities contained in the least developed countries work programme;
 - (b) To continue mobilizing resources to ensure the full implementation of the least developed countries work programme, including the implementation of the elements of the work program other national adaptation programmes of action, through, inter alia, capacity building to improve coordination at different levels of government and across sectors in order to improve project performance in the least developed country Parties, with regard to the implementation of the Convention;
 - (c) To further facilitate access to the Least Developed Countries Fund by the least developed countries;
 - (d) To further enhance a country-driven process for the implementation of national adaptation programme of action projects and the implementation of programmatic approaches;
 - (e) To continue raising awareness of the need for adequate and predictable resources under the Least Developed Countries Fund to allow for the full implementation of the least developed countries work programme, in particular national adaptation programmes of action, as outlined in decision 5/CP.14, paragraph 8;
 - (f) To enhance communication with its Implementing Agencies on the updated operational guidelines for the Least Developed Countries Fund.
14. The COP also requests the GEF, in paragraph 6, to include, in its annual report to the Conference of the Parties, information on specific actions that it has undertaken to implement this decision, for consideration by the Conference of the Parties at its subsequent sessions.

GEF's response

15. In an information document prepared for the LDCF/SCCF Council in November 2012, the GEF provided information on its support towards elements of the LDC work program other than the preparation and implementation of National Adaptation Programmes of Action (NAPAs). The document also describes an approach towards supporting elements of the work program that have yet to be addressed in a comprehensive manner.¹⁶
16. With respect to strengthening the capacity of meteorological and hydrological services to collect, analyze, interpret and disseminate weather and climate information to support the implementation of NAPAs, the GEF, through the LDCF, has financed 16 projects in 15 LDCs that strengthen climate information services as the primary area of intervention, with total grant resources amounting to \$86.2 million, or 16 percent of total funding approved under the LDCF.

¹⁶ GEF/LDCF.SCCF.13/Inf.05, <<http://www.thegef.org/gef/sites/thegef.org/files/documents/Other%20elements%20of%20LDC%20Work%20Programme%20Oct%2016%20Final.pdf>>.

17. The GEF continues to support the demonstration, deployment and dissemination of relevant adaptation technologies through projects and programs carried out in support of the implementation of NAPAs. Of 71 LDCF projects that identify relevant objectives as per the 2010 results framework of the GEF Adaptation Program, 42 contribute directly towards technology transfer, with total grant resources for these projects amounting to \$85.52 million or 25 percent of the sample considered. Moreover, during its first two phases, the TNA Project, financed under the SCCF Program for Technology Transfer (SCCF-B), has supported the development of TNAs in 10 LDCs in Africa and Asia, under the Poznan Strategic Program.
18. Projects and programs financed under the LDCF systematically contribute towards public awareness and communication on matters pertaining to climate change, in accordance with country priorities. Similarly, LDCF projects have supported the establishment and development of mechanisms to oversee and promote regulatory support for climate change adaptation.
19. In order to address the remaining elements of the LDC work program, the GEF, in collaboration with LDC Parties and its Agencies, and in close coordination with LEG, has considered options for a GSP that would seek to address relevant shortfalls in awareness, as well as in institutional and technical capacity with a view to improving the performance of LDCs in the implementation of the Convention.
20. As of June 30, 2013, 47 LDCs had accessed a total of \$591.4 million from the LDCF for 113 projects and programs in support of the implementation of their NAPAs. In total, \$603.4 million had been approved for NAPA preparation and implementation. At the end of the reporting period, the GEF, through the LDCF had supported three programmatic approaches with LDCF resources amounting to \$35.1 million.
21. The GEF continues to raise awareness of the need for adequate and predictable resources under the LDCF, particularly in the context of the preparation of an updated GEF Programming Strategy for Adaptation under the LDCF and the SCCF, which will form the basis for programming resources under the Funds from July 1, 2014 to June 30, 2018.
22. The GEF Secretariat continues to formally communicate with all its Agencies via monthly meetings, and reports of those meetings, including on updates to the operational guidelines of the LDCF. In addition, the GEF Secretariat has been requested by a number of Agencies to provide formal training to their staff, and the GEF Secretariat intends to meet those requests within the calendar year of 2013.

C. National Adaptation Plans (Decision 12/CP.18)

COP 18 Guidance

23. In decision 12/CP.18 on “*National adaptation plans*”, paragraph 1, the COP requests the Global Environment Facility, as the operating entity of the financial mechanism of the Convention for the operation of the Least Developed Countries Fund, to enable activities for the preparation of the National Adaptation Plan process by the Least Developed Country Parties. The operating entity is requested:
 - (a) As a first step under the National Adaptation Plan process, to provide funding from the Least Developed Countries Fund, to meet the agreed full cost, as appropriate, of activities to enable the preparation of the National Adaptation Plan process as described in the elements contained in paragraphs 2–6 of the initial guidelines for the formulation of national adaptation plans in the annex to decision 5/CP.17;
 - (b) To provide support for the national adaptation plan process, while maintaining support for the Least Developed Country work program, including National Adaptation Programmes of Action;

- (c) To encourage a flexible approach that enables the Least Developed Country Parties to access funding for components of the National Adaptation Plan process as identified by the Least Developed Country Parties in response to national needs and circumstances.
24. In paragraph 4, the COP also requests the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, through the Special Climate Change Fund, to consider how to enable activities for the preparation of the national adaptation plan process for interested developing country Parties that are not Least Developed Country Parties, as it requested the Global Environment Facility, through the Least Developed Countries Fund, to consider how to enable activities for the preparation of the National Adaptation Plan process for the Least Developed Country Parties in decision 5/CP.17, paragraph 22. This request was also made in decision 9/CP.18, paragraph 1(c).
 25. The COP further requests the Global Environment Facility to include in its report to the Conference of the Parties information on the steps it has undertaken to implement the provisions of decision 12/CP.18 (paragraph 2).

SBI 37 conclusions

26. Under SBI 37 agenda item 9(a) and (b), *National adaptation plans* (FCCC/SBI/2012/L.41), paragraph 3, the SBI noted the identification by the LEG of support needs of the LDCs for the formulation and implementation of NAPs, and urged the GEF, its Agencies and other relevant organizations to take the identified support needs into account in their efforts to support LDC Parties in undertaking the NAP process.
27. Under SBI 37 agenda item 9(a) and (b), paragraphs 6–7, the SBI also looked forward to the operationalization, no later than its thirty-ninth session, of the provision of support to LDC Parties for the national adaptation plan process under the LDCF and looked forward to the operationalization of the provision of support to non-LDC Parties for the national adaptation plan process under the SCCF.

GEF's response

28. The LDCF/SCCF Council, at its 44th meeting on June 20, 2013, approved the document GEF/LDCF. SCCF.14/06, *Operationalizing Support to the Preparation of the National Adaptation Plan Process in Response to Guidance from the UNFCCC COP* as a basis for supporting, operationally, the national adaptation plan process in eligible developing countries. The document introduces the GEF's approach to operationalizing support towards the preparation of the NAP process, in accordance with guidance provided by the COP at its eighteenth session. The document defines the objectives, principles, scope and modalities for GEF support, through the LDCF and the SCCF, for the preparation of the NAP process.
29. Recognizing that developing countries find themselves in very different stages of identifying and addressing their medium- and long-term adaptation needs, the GEF has adopted a flexible approach, tailored to their diverse needs and circumstances. In particular, while the NAP process may entail the development of a plan or plans, any support provided by the GEF, through the LDCF and the SCCF, for the NAP process would differ from past LDCF financing towards the preparation of NAPAs both in its objectives and its scope. In addition, any financing provided through the LDCF and the SCCF in support of the NAP process would be closely coordinated with and complementary to other relevant initiatives, as well as to other sources of multi-lateral and bi-lateral support.
30. As per the decision adopted by the LDCF/SCCF Council, eligible developing countries may access resources in support of the preparation of the NAP process, in line with the objectives, principles and scope defined in the above document; through MSP, FSP, and programmatic approaches.¹⁷ The GEF,

¹⁷ As of January 2013, GEF projects in the size of \$2 million or under are classified as MSPs; above \$2 million are considered as FSPs. The programmatic approach is discussed in paragraphs 85 and 97 of the GEF report to COP 19.

through the LDCF and the SCCF, may finance projects and programs that combine technical assistance towards the NAP process, through specific components, with tangible investments carried out in line with relevant national priorities and the mandate of each Fund. The GEF may also support targeted initiatives dedicated to key elements of the NAP process, in accordance with country demand.

31. In May 2013, the GEF CEO approved an MSP entitled “*Assisting Least Developed Countries (LDCs) with country-driven processes to advance National Adaptation Plans (NAPs)*”, aiming to strengthen institutional and technical capacities for iterative development of NAPs and to allow LDCs to integrate climate change adaptation into their medium- and long-term development planning processes in a continuous, progressive and iterative manner (summaries of LDCF and SCCF projects approved during this reporting period can be found in the Annex 4 of the GEF report to COP 19). The MSP targets 12 priority countries, while allowing all LDCs to benefit from training, tools and information to launch their NAP processes. Other developing countries may also take advantage of the tools and methodologies made available by the project.

D. Report of the Technology Executive Committee (Decision 13/CP.18)

COP 18 guidance

32. In decision 13/CP.18 on “*Report of the Technology Executive Committee*”, paragraph 13, the COP encourages the financial and business communities and funding sources under and outside the Convention to facilitate the funding for the implementation of technology needs assessments results.

SBI 37 Conclusions

33. Under SBI 37 agenda item 13, *Development and transfer of technologies*, paragraph 122, the SBI acknowledges the support provided by the GEF to assist 36 non-Annex I Parties in conducting their TNAs. It reiterates decision 11/CP.17, paragraph 2, in which the GEF is invited to continue to provide financial support to other non-Annex I Parties, as appropriate, to conduct or update their TNAs. It invites the GEF to report on its support provided to other non-Annex I Parties to conduct or update their TNAs in its report to the COP at its nineteenth session.

GEF's response

34. The progress made in supporting TNAs is described in the GEF report to COP 19, Part II, *Technology Needs Assessments*, paragraphs 153-158, particularly in the development of pilot projects and TNAs that has highlighted the need to go beyond current practices to catalyze investments in technology transfer. The GEF Council has approved in April 2013 a project by UNEP supporting additional TNAs focusing on 24 low- and medium-income countries. This project takes into consideration the lessons learned from the ongoing Poznan-supported TNA project. In addition, during FY 2013, the GEF Council approved two national projects in China and South-Africa focusing on the preparation of NC and BUR that include activities to update or complement existing TNAs in these countries.

E. Arrangements to make the CTCN fully operational (Decision 14/CP.18)

COP 18 guidance

35. In decision 14/CP.18 on “*Arrangements to make the Climate Technology Center and Network fully operational*”, paragraph 15, the COP reiterates that the financial support to the Climate Technology Center and Network shall be provided in accordance with decision 2/CP.17, paragraphs 139–141.

SBI 37 conclusions

36. Under SBI 37 agenda item 13, Development and transfer of technologies, the SBI:

- (a) stressed the need for the further implementation of the element of the Poznan strategic program on support for climate technology centers and a climate technology network, which should be aligned with, and support, the operationalization and activities of the CTCN, taking into account decision 2/CP.17, paragraph 140.
- (b) invited the GEF to consult with the CTCN, through its advisory board, on the support the GEF will provide for the work of the CTCN and to report on the findings of those consultations to the COP at its nineteenth session.

GEF's response

37. Updated information on GEF support to Climate Technology Centers and Network has been published in November 2012 as part of the GEF brochure "Implementing the Poznan Strategic and Long-Term Programs on Technology Transfer."
38. Among the four Regional Projects for Climate Technology Transfer and Financing Centers approved by the GEF Council in May 2011 and June 2012 in line with the Long-Term Program on Technology Transfer, one project is already under implementation ("*Pilot Asia-Pacific Climate Technology Network and Finance Center*", implemented by UNEP and the Asian Development Bank - ADB), one project has been submitted for endorsement by the GEF CEO ("*Regional Climate Technology Transfer Center*", implemented by the European Bank for Reconstruction and Development - EBRD), and the two remaining regional projects are still under project preparation. Efforts are underway to facilitate coordination and cooperation¹⁸.
39. In addition to the piloting and innovative projects explained in previous GEF reports on the Poznan Program and its Long-Term Implementation, the GEF, with the means at its disposal and in line with GEF procedures, is ready to continue to support the operationalization and activities of the CTCN in response to decision 2/CP.17. During the reporting period, various piloting and technology transfer projects at the national level have been approved by the GEF Council, as summarized in Annex 5 of the GEF report to COP 19. During this reporting period, the GEF has not received formal CTCN project proposals with the primary objective to support the operationalization of the CTCN. The GEF will submit an addendum to this report, which will provide detailed information on the findings of its consultation with the CTCN.

F. Doha work programme on Article 6 of the Convention (Decision 15/CP.18)

COP 18 guidance

40. In decision 15/CP.18 on "*Doha work programme on Article 6 of the Convention*", paragraph 6, the COP invites multilateral and bilateral institutions and organizations, including operating entities of the financial mechanism of the Convention, as appropriate, to provide financial resources to support the activities relating to the implementation of Article 6 of the Convention.

¹⁸ More details are presented in paragraphs 142 - 144 of the GEF report to COP 19.

41. The COP also requests the GEF, in paragraph 7, to continue to provide financial resources to Parties not included in Annex I to the Convention, in particular African countries, the least developed countries and small island developing States, in accordance with decisions 11/CP.1, 6/CP.7, 4/CP.9, 7/CP.10, 3/CP.12, 7/CP.13, 3/CP.16, and 11/CP.17, to support the implementation of the work program and to regularly report to the COP on the activities it has supported.

GEF's response

42. Public awareness and education is often a key component of many GEF projects and thus through its regular financing of projects and programming, the GEF continues to provide resources for the implementation of Article 6. In many projects, there are components that specifically support distinct public awareness interventions. Public awareness interventions include media campaigns, targeted trainings, development of school and university curricula, and demonstration activities, among others, supported by the GEF through its projects.
43. One such project example is the recently financed project titled "*Flood Control and Climate Resilience of Agriculture Infrastructure in Oueme Valley in Benin*". A component of this project includes implementing a public awareness campaign on the impacts of climate change and uncertainty management. The public awareness campaign will target local authorities, non-governmental organizations (NGOs) and civil society.¹⁹
44. The GEF has provided at least \$9.2 million for public awareness activities in calendar year 2012. Public participation is a key element and criterion for approval in all GEF projects. During the project preparation phase, resources are used to ensure public participation in GEF projects and that there is access to information generated by GEF projects. The GEF continues to work with its agencies to ensure that resources are allocated for Article 6 activities. Countries are encouraged to include activities related to Article 6 in their project proposals. The GEF also continues to work through its replenishment process to raise additional resources for Article 6 activities.

G. Prototype of the Registry (Decision 16/CP.18)

COP 18 guidance

45. In decision 16/CP.18 on "*Prototype of the Registry*", paragraph 2, the COP reiterates its invitation to developed country Parties, the entity or entities entrusted with the operation of the financial mechanism, including the Global Environment Facility and the Green Climate Fund, multilateral, bilateral and other public donors, and private and non-governmental organizations that are in position to do so, to submit, as appropriate, information on financial, technology and capacity-building support available and/or provided for the preparation and/or implementation of nationally appropriate mitigation actions, in accordance with decision 2/CP.17, paragraph 48.

GEF's response

46. The GEF has been providing support for the preparation and/or implementation of Nationally Appropriate Mitigation Actions (NAMAs) through its regular financing of climate change mitigation projects endorsed by the developing country parties. Countries can access resources through their STAR allocations under GEF-5 (2010–2014) replenishment period for NAMAs support. During this

¹⁹ Further information can be found on projects in all regions with components that support Article 6 of the Convention in the GEF report to COP 19, Annex 3 and 4.

reporting period, the GEF Council has approved three projects explicitly focusing on NAMAs based on country's assessment²⁰. These projects feature the development of the NAMA architecture, formation of institutional frameworks for NAMAs, support for their actual implementation, capacity building, and monitoring, verification and reporting²¹.

47. Regarding the provision of information on financial, technology and capacity-building support available and/or provided for the preparation and/or implementation of NAMAs, the GEF Secretariat has held several consultations with the UNFCCC Secretariat about how the GEF can provide such information in line with development of the NAMA Registry prototype. As the Registry template is for individual countries to prepare and submit, the GEF Secretariat has indicated to the UNFCCC Secretariat its readiness to provide support-related information.

H. Capacity-building under the Convention for countries with economies in transition (Decision 21/CP.18)

COP 18 guidance

48. In Decision 21/CP.18 on "*Capacity-building under the Convention for countries with economies in transition*", paragraph 3, the COP invited Parties included in Annex II to the Convention and other Parties in a position to do so, the Global Environment Facility within its mandate, multilateral and bilateral agencies, other international organizations, and the private sector, or any further arrangements as appropriate, to continue to provide support for capacity-building activities in those countries with economies in transition that are currently receiving support.

GEF's response

49. The GEF, along with its Agencies, continues to provide significant support to countries for capacity building. Capacity building is a routine component in many GEF projects and programs, often with specific interventions. The GEF submitted a report to the UNFCCC on capacity building activities financed during the period from January 1, 2012 to December 31, 2012, in response to decision 2/CP.7. The GEF has provided \$138.1 million to support capacity building during that period, covering 11 of the 15 categories of capacity building as defined by UNFCCC.
50. The support that the GEF has provided specifically to countries with economies in transition for capacity building is provided in the GEF report to the COP 19, Part 1, sub-section F.

I. SBI 37 Conclusions on National Communications

SBI 37 conclusions

51. The SBI, under agenda item 4(c), paragraph 34, invites the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of NCs by non-Annex I Parties, in accordance with decision 10/CP.2, paragraph 1(b), including information on the dates of approval of funding and disbursement of funds.

20 The projects are located in: Azerbaijan, Kazakhstan and Tunisia.

21 The summaries of these projects have been provided in the GEF report to COP 19, Annex 3.

52. It also invites the GEF to continue providing information on the approximate date of completion of the draft NCs and an approximate date of submission to the UNFCCC Secretariat of the NCs, for consideration by the SBI at its thirty-eighth session.
53. In paragraph 39, the SBI encourages the GEF, in accordance with decision 4/CP.14, to continue to ensure, as a top priority, that sufficient financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention.

GEF's response

54. The GEF has provided detailed, accurate, timely and complete information on its activities relating to the preparation of NCs by non-Annex I Parties. Annex 7 of the GEF report to COP 19 provides information on the status of NCs from non-Annex I Parties, which was compiled by the Implementing Agencies, which are the United Nations Development Programme (UNDP) and UNEP, as of March 2013. The GEF will submit an addendum to this report, which updates the status, including the approximate date of submission to the COP.
55. The GEF continues to work with its Agencies to improve the effectiveness and efficiency of the process for countries to access resources to meet their obligations under Article 12, paragraph 1 of the Convention. For example, the GEF has established expedited procedures for an enabling activity project to meet obligations under the UNFCCC. The GEF continues to provide full-cost funding for NCs. All requests to support NCs have been met by the GEF. The GEF has set aside resources outside country allocations to support NCs and BURs. The GEF has expanded its options for countries to access resources for NCs. There are now four options, including: (i) working with a GEF Agency; (ii) being part of the UNEP umbrella project for NCs; (iii) by direct access from the GEF Secretariat; and, (iv) through a national allocation as a full-sized project.



Durban, South Africa

III. COP 17 Guidance and GEF Responses

1. The seventeenth session of the Conference of the Parties (COP 17) was held from November 28 to December 9, 2011, Durban, South Africa. Decisions at COP 17 include guidance to the GEF. GEF responses to the guidance and the SBI 35/36²² conclusions are included in its report to COP 18²³. The reporting period is GEF FY 2012, from July 1, 2011, to June 30, 2012.

A. Outcome of the AWG-LCA (Decision 2/CP.17)

COP 17 guidance

2. In decision 2/CP.17 on “*Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA)*”, paragraph 44, the COP urged and requested the GEF to make available support to non-Annex I Parties preparing their first biennial update reports as early as possible in 2012 and on the basis of agreed full-cost funding.
3. In decision 2/CP.17, paragraph 48, the COP invited developed country Parties, the entity or entities entrusted with the operation of the financial mechanism, including the Global Environment Facility and the Green Climate Fund, multilateral, bilateral and other public donors, and private and nongovernmental organizations that are in position to do so, to submit to the secretariat, as appropriate, the following information on financial, technology and capacity-building support available and/or provided for the preparation and/or implementation of nationally appropriate mitigation actions:
 - (a) Whether the support available is for the preparation and/or implementation of nationally appropriate mitigation actions;
 - (b) The source of the support, including, where applicable, the name of the developed country Parties in question and the executing entity channeling the support, including contact information;
 - (c) The amount and type of support available, and whether it is financial (e.g. grant or facilitated loan), technology and/or capacity-building support;
 - (d) The status of delivery;
 - (e) The types of action that may be supported and the process for the provision of support.

22 SBI 35 was held from November 28 to December 3, 2011 in Durban, South Africa. SBI 36 was held from May 14 to 25, 2012 in Bonn, Germany.

23 GEF responses to COP 17 guidance are as of the date when the GEF report to COP 18 (FCCC/CP/2012/6) was compiled (July 1, 2012), unless stated otherwise. The GEF report to COP 18 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600007062>.

4. In decision 2/CP.17, paragraph 49, the COP invited Parties and entities, including the Global Environment Facility, to provide the secretariat, subsequent to the matching of action with support, information on both internationally supported mitigation actions and associated support.
5. In decision 2/CP.17, paragraph 53, the COP noted that the financial mechanism may make use of information available in the registry when considering the provision of support for the preparation and implementation of individual nationally appropriate mitigation actions which are seeking support.
6. In decision 2/CP.17, paragraph 68, the COP encouraged the operating entities of the financial mechanism of the Convention to provide results-based finance for the actions referred to in decision 1/CP.16, paragraph 73.²⁴
7. In decision 2/CP.17, paragraph 140, requests the Global Environment Facility to support the operationalization and activities of the Climate Technology Centre and Network without prejudging any selection of the host.²⁵
8. In decision 2/CP.17, paragraph 139, the COP decided that the costs associated with the Climate Technology Centre and the mobilization of the services of the Network should be funded from various sources, including the financial mechanism of the Convention, bilateral, multilateral and private sector channels, philanthropic sources as well as financial and in-kind contributions from the host organization and participants in the Network.
9. In decision 2/CP.17, paragraph 152, the COP encouraged the relevant bodies established under the Convention, including, inter alia, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, the Least Developed Countries Expert Group and the Global Environment Facility as an operating entity of the financial mechanism, to continue to elaborate and carry out work on capacity-building in an integrated manner, as appropriate, within their respective mandates.
10. In the Annex I to decision 2/CP.17 on "*UNFCCC biennial reporting guidelines for developed country Parties*", paragraph 17, it is noted that each Annex II Party shall provide information on the financial support it has provided, committed and/or pledged for the purpose of assisting non-Annex I Parties to mitigate GHG emissions and adapt to the adverse effects of climate change and any economic and social consequences of response measures, and for capacity-building and technology transfer in the areas of mitigation and adaptation, where appropriate. To that end, each Annex II Party shall provide summary information in a textual and tabular format on allocation channels and annual contributions for the previous two calendar or financial years without overlapping with the previous reporting periods, including, as appropriate, the following:
 - (a) The Global Environment Facility, the Least Developed Countries Fund, the Special Climate Change Fund, the Adaptation Fund, the Green Climate Fund and the Trust Fund for Supplementary Activities;
 - (b) Other multilateral climate change funds;
 - (c) Multilateral financial institutions, including regional development banks;
 - (d) Specialized United Nations bodies;
 - (e) Contributions through bilateral, regional and other channels.

24 Decision 1/CP.16, paragraph 73, refers to mitigation actions in the forest sector contributed by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; enhancement of forest carbon stocks.

25 This decision was stressed in the SBI 36 conclusions (FCCC/SBI/2012/15, paragraph 190).

GEF's response

Biennial update reports

11. The GEF finances BURs, through the regular avenue of financing National Communications. The GEF has prepared policy guidelines for the financing of BURs for non-Annex I Parties, which were distributed to all Parties in early 2012. The policy guidelines provides that, for the BURs, non-Annex I Parties can access up to \$352,000 through a GEF Agency or by direct access. If \$352,000 for the BURs is not sufficient for a country, then the STAR²⁶ allocation can be used.
12. During FY 2012, the GEF Council approved two enabling activity projects that include preparation of BURs. In the two projects, "*India: Preparation of Third National Communication (3NC) to the UNFCCC and Strengthening Institutional and Analytical Capacities on Climate Change*" and "*Indonesia: Third National Communication to the UNFCCC*," BURs will be financed as a component of NC projects. Summaries of the two projects are presented in Annex 3 of the GEF report to COP 18. The GEF will submit an addendum to its report to COP 18, which provides detailed, accurate, timely and complete information on its activities relating to the preparation of BURs, including information on the dates of request and approval of funding, as well as disbursement of funds, as this information becomes available.

NAMA registry

13. The GEF, through its regular financing of climate change mitigation projects, can provide resources for the preparation and/or implementation of NAMAs. Countries can access resources through their STAR Allocation for NAMAs. For example, the GEF Council in June 2012 approved a project which explicitly focuses on NAMAs, titled "*Peru-Nationally Appropriate Mitigation Actions in the Energy Generation and End-Use Sectors*." This project will support the Government of Peru in the development and implementation of NAMAs in the energy sector to achieve the country's voluntary GHG emissions reduction target. A summary of the project is provided in Annex 3 of the GEF report to COP 18.
14. As to providing information on financial, technology and capacity-building support available and/or provided for the preparation and/or implementation of NAMAs, the GEF Secretariat has held consultations with the UNFCCC Secretariat about how the GEF can provide such information in line with development of the NAMA Registry prototype.

Reducing emissions from deforestation and forest degradation plus

15. In GEF-5, the GEF is providing financing for these mitigation actions in the forest sector under climate change mitigation's LULUCF objective and under the cross-focal area (that is, addressing multiple Convention needs) SFM/REDD+ Program, including supporting activities that will develop national systems to measure and monitor carbon stocks and change from forest and non-forest lands, strengthen related policies and institutions, undertake good management practices, and establish financing mechanisms and investment programs. LULUCF also includes non-forest lands which allows for lands to be converted to forest land and also for good practices to be applied to non-forest lands for GHG benefits. The specific objectives for SFM/REDD+ Program are to reduce pressures on forest resources and generate sustainable flows of forest ecosystem services, and strengthen the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from LULUCF activities.
16. Rigorous monitoring and/or measuring systems are key for results-based finance for mitigation in the forest sector. Support for national monitoring systems and for sub-national or local-based monitoring will be emphasized in these types of projects.

26 On the STAR, see Annex 5 of this booklet.

Climate Technology Centre and Network

17. The GEF has financed technology transfer in line with the GEF-5 Climate Change Mitigation Strategy and the Long-Term Program on Technology Transfer, which the GEF submitted to COP 16 in response to decision 2/CP.14 to consider the long-term implementation of the Poznan Strategic Program on Technology Transfer, with the means at its disposal for that purpose. The GEF is also ready to continue to support the operationalization and activities of the CTCN in response to decision 2/CP.17.
18. The Long-Term Program on Technology Transfer, which was also approved by the GEF Council, includes climate technology transfer coordination at the global level (i.e., the global centre host function) and technology centers at the regional level. Countries wishing to establish a national centre/network were invited to do so by utilizing existing GEF national allocations.
19. In line with the Long-Term Program on Technology Transfer, the GEF Council in May 2011 approved the *"Pilot Asia-Pacific Climate Technology Network and Finance Center"* project by ADB and UNEP. Furthermore, the GEF Council in June 2012 approved three similar regional projects: the *"Climate Technology Transfer Mechanisms and Networks in Latin America and the Caribbean"* project by the Inter-American Development Bank (IDB); the *"Pilot African Climate Technology Finance Center and Network"* project by the African Development Bank (AfDB), and; the *"Regional Climate Technology Transfer Center"* project by EBRD. Additional information on these centers is presented in the GEF report to COP 18.
20. At the national level, the GEF Council in June 2012 also approved the *"Facility for Low Carbon Technology Deployment"* project in India by the World Bank. Summaries of the projects approved in FY 2012 are provided in Annex 3 of the GEF report to COP 18.
21. The GEF submitted its proposal to host the CTCN for consideration by the UNFCCC Secretariat in March 2012, in response to the Call for Proposal 2012-S1. The proposal was withdrawn by the GEF CEO in May 2012.

Capacity building

22. The GEF, with its partner Agencies, has provided significant capacity building support to countries during the past decade, both through a capacity component in regular projects and through more targeted interventions. For example, the project *"India: Preparation of Third National Communication (3NC) to the UNFCCC and Strengthening Institutional and Analytical Capacities on Climate Change"* will strengthen institutional and analytical capacities in an integrated manner by realizing in one common framework India's NC, BUR, and TNA. The GEF continues to provide resources for capacity building activities through its regular financing of projects. The GEF's activities for capacity building during the FY 2012 are presented in Part II, Section 5 of the GEF report to COP 18.

B. Launching the Green Climate Fund (Decision 3/CP.17)

COP 17 guidance

23. In decision 3/CP.17 on *"Launching the Green Climate Fund,"* paragraph 18, the COP recognized the need to facilitate the immediate functioning of the Green Climate Fund and ensure its independence, and requested the UNFCCC secretariat jointly with the GEF secretariat to take the necessary administrative steps to set up the interim secretariat of the Green Climate Fund as an autonomous unit within the UNFCCC secretariat premises without undue delay after the COP 17 so that the interim secretariat can provide technical, administrative and logistical support to the Board until the independent secretariat of the Green Climate Fund is established.

GEF's response

24. Responding to the COP guidance, the UNFCCC Secretariat and the GEF Secretariat have taken the necessary administrative steps to set up the Interim Secretariat of the Green Climate Fund (GCF) as an autonomous unit within the UNFCCC Secretariat premises. The Interim Secretariat is to provide technical, administrative and logistical support to the GCF Board until the independent Secretariat of the GCF is established. In order to move quickly in establishing the Interim Secretariat, the Secretariats of the UNFCCC and the GEF assigned staff either full-time or part-time to work in the Interim Secretariat. Arrangements have also been made to use additional support of UNFCCC staff in Bonn for administrative, logistical and information technology (IT) support.
25. Since the COP 17 decision requested the Interim Secretariat to make arrangements for convening the first meeting of the GCF Board, there was some urgency in setting up the Interim Secretariat. At the same time, COP decision 3/CP.17 foresees the GCF Board appointing the Head of the Interim Secretariat. Hence it must be underlined that all arrangements made during the reporting period (from July 1, 2011 to June 30, 2012) are provisional in order to allow the GCF Board to exercise its authority over the Interim Secretariat and for the Head, once appointed, to select staff and lead the work of the team.
26. Financial support for the start-up phase of the GCF is essential. As per decision 3/CP.17, Parties are invited to make financial contributions for the start-up of the GCF, including to cover the administrative costs of the GCF Board and its Interim Secretariat. The arrangement for the Interim Secretariat has been communicated through an information note to Parties, together with an indicative administrative budget for the first phase of the work of the GCF. It was emphasized that the budgets presented in the information note sent to Parties are preliminary and subject to change as the GCF Board takes up its work and defines the direction and scope.
27. The designated Interim Trustee of the GCF, the World Bank, has now formally accepted the invitation by the COP. The Interim Trustee has established a Financial Intermediary Fund for the GCF and now stands ready to receive contributions from Parties for the start-up costs in this new GCF trust fund.
28. Many Parties have indicated their willingness to contribute and some are already in the process of making administrative arrangements for providing the funding. For the first months of the year 2012, it has been possible to finance operations from funds remaining from those provided to the UNFCCC Secretariat for the Transitional Committee (TC) in 2011 and from funds advanced from the GEF Secretariat's administrative budget. The generous contributions by Parties to the TC work, both financial and in kind, and the agreement of the GEF Council regarding use of GEF resources, combined with an economic use of resources and prudent spending, has allowed these savings to be redirected, in agreement with donors, towards the work of the Interim Secretariat.
29. An important milestone in operationalizing the GCF is the selection of the host country of the GCF. Parties were requested to submit to the GCF Board by April 15, 2012 expressions of interest for hosting the GCF, based on the criteria agreed by Parties at the COP 17. These criteria include the ability to confer and/or recognize juridical personality and legal capacity to the GCF, the ability to provide the necessary privileges and immunities to the GCF, and financial arrangements, as well as administrative and logistical support to the GCF.
30. Six expressions of interest in hosting the GCF have been received. The expressions of interest are from: (i) Germany; (ii) Mexico; (iii) Namibia; (iv) Poland; (v) Republic of Korea; and (vi) Switzerland. These expressions of interest have been posted on the GCF website²⁷. Some of the Parties presented information on their offers at the SBI 36. At its first meeting, the GCF Board is expected to consider these expressions of interest and initiate an open and transparent process for the selection of the host country. As a result of this process, the GCF Board will take a decision on the host country at one of its subsequent meetings and present it to the COP 18 for endorsement.

27 <<http://www.gcfund.net>>.

31. Parties have been invited, through their regional groups and constituencies, to submit nominations for the position of member and alternate member of the GCF Board. The agreed composition of the Board is 12 members from developing country Parties and 12 members from developed country Parties. Nominations were scheduled to be sent to the Interim Secretariat of the GCF by March 31, 2012.
32. The Interim Secretariat prepared nine working papers and two information notes for consideration by the GCF Board. The first GCF Board meeting was held in Geneva, Switzerland, from August 23 to 25, 2012.²⁸

C. National Adaptation Plans (Decision 5/CP.17)

COP 17 guidance

33. In decision 5/CP.17 on "*National adaptation plans*," paragraph 22, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, through the Least Developed Countries Fund, to consider how to enable activities for the preparation of the national adaptation plan process for least developed countries Parties, while maintaining progress for the least developed countries work programme, which includes the national adaptation programmes of action.
34. In decision 5/CP.17, paragraph 25, the COP invited the Global Environment Facility, as an operating entity of the financial mechanism for the operation of the Least Developed Countries Fund, to submit information to the Subsidiary Body for Implementation, through the secretariat, by February 13, 2012, on how they could enable activities undertaken as part of the national adaptation plan process in least developed country Parties, for compilation by the secretariat into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its thirty-sixth session.
35. In decision 5/CP.17, paragraph 31, the COP further invited the operating entities of the financial mechanism of the Convention, bilateral and multilateral organizations and other institutions as appropriate, to provide financial and technical support to developing country Parties to plan, prioritize and implement their national adaptation planning measures, consistent with decision 1/CP.16 and relevant provisions of the Convention.

SBI 36 conclusions

36. Under SBI 36 agenda item 8 (a) and (b), *National adaptation plans* (FCCC/SBI/2012/15), the SBI welcomed the submission by the GEF and "reiterated the urging of developed country Parties by the COP to mobilize financial support for the NAP process for LDC Parties through bilateral and multilateral channels, including through the LDCF, in accordance with decision 1/CP.16 and 5/CP.17." (paragraphs 130 to 133)
37. In the same conclusions, the SBI also "reaffirmed the invitation by the COP to the operating entities of the financial mechanism of the Convention, bilateral and multilateral organizations and other institutions, as appropriate, to provide financial and technical support to developing country Parties to plan, prioritize and implement their national adaptation planning measures, consistent with decision 1/CP.16 and relevant provisions of the Convention." (paragraph 143)

GEF's response

38. The GEF submitted, on February 13, 2012, information on NAPs for consideration by SBI 36. The submission²⁹ notes that the GEF and its Agencies have the experience and the operational modalities required to support the NAP process in LDCs through the LDCF.

²⁸ GEF response in paragraph 29 was updated in September 2012.

²⁹ FCCC/SBI/2012/MISC. Available at <<http://unfccc.int/resource/docs/2012/sbi/eng/misc03.pdf>>.

39. The GEF welcomes further guidance from the COP to clarify whether enabling activities in support of NAPs are to be adopted in the LDC work programme and whether such activities are to be prioritized for financing under the LDCF. Moreover, the GEF notes that additional, designated contributions to the LDCF would be necessary to allow the GEF to support the NAP process in LDCs in addition to NAPA implementation.
40. As a first step, the GEF, in collaboration with its Agencies, the LEG, the UNFCCC Secretariat, and, once operational, the Adaptation Committee, will launch a support program that corresponds to the foundational elements of the NAP process, defined as “laying the groundwork and addressing gaps” in the initial guidelines for the formulation of NAPs by LDC Parties, annexed to decision 5/CP.17. In particular, this program will strengthen the capacities of key stakeholders in LDCs to effectively carry out subsequent stages of the NAP process.
41. The GEF notes the invitation by the COP and the SBI to support the NAP process in developing countries that are not LDCs. As the entity entrusted with the management of the SCCF, the GEF holds a mandate to finance adaptation measures in all developing country parties to the UNFCCC. Through projects and programs financed under the SCCF, the GEF has also gained relevant experience of adaptation planning and implementation in non-LDCs. Yet, additional contributions to the SCCF would be necessary to allow the GEF to support the NAP process in non-LDCs.
42. The GEF stands ready to address further guidance on NAPs by COP 18 in collaboration with its Agencies, LEG, the Adaptation Committee, and the UNFCCC Secretariat.

D. Least Developed Countries Fund (Decision 9/CP.17)

COP 17 guidance

43. In decision 9/CP.17 on “*Least Developed Countries Fund: support for the implementation of elements of the least developed countries work programme other than national adaptation programmes of action*” paragraph 1, the COP requested the Global Environment Facility, “as an operating entity of the financial mechanism of the Convention entrusted with managing the Least Developed Countries Fund:
 - (a) To continue to provide information to the least developed country Parties to further clarify project baselines and the application for accessing funding from the Least Developed Countries Fund in order to develop and implement projects under national adaptation programmes of action to address the effects of climate change;
 - (b) To support the development of a programmatic approach for the implementation of national adaptation programmes of action by those least developed country Parties that wish to do so;
 - (c) To further explore opportunities to streamline the Least Developed Countries Fund project cycle, particularly during the project preparation stage;
 - (d) To further improve the provision of information to least developed country Parties on the project development process for projects being considered under the Least Developed Countries Fund.”
44. In decision 9/CP.17, paragraph 2, the COP requested the Least Developed Countries Expert Group to provide further specification for each of the elements of the least developed countries work programme other than the national adaptation programmes of action, in consultation with the Global Environment Facility and report to SBI 36, with a view to informing the Conference of the Parties on guidance to be provided to the Global Environment Facility on support for the implementation of the elements of the least developed countries work programme other than the national adaptation programmes of action.

SBI 36 conclusions

45. Under SBI 36 agenda item 6, *Matters relating to finance (b) Other matters* (FCCC/SBI/2012/15, paragraphs 96 to 109), the SBI:
- (a) welcomed the report of the twenty-first meeting of the LEG;
 - (b) in particular, noted that the further specification of the elements of the LDC work programme other than NAPAs provided in the report could be useful to the implementation of the LDC work programme;
 - (c) noted with appreciation the ongoing efforts of the LEG as well as of bilateral and other agencies to facilitate the implementation of the remaining elements of the LDC work programme other than the NAPAs. The SBI further noted with appreciation the efforts of the GEF, in parallel to supporting the ongoing implementation of the NAPAs, to facilitate the implementation of the remaining elements of the LDC work programme as mandated by decision 5/CP.14;
 - (d) recognized that the LDCF was established to support the LDC work programme, in accordance with decision 5/CP.7, paragraph 12, and that implementation of the remaining elements of the LDC work programme are to be supported, in parallel to the ongoing implementation of the NAPAs in accordance with decision 5/CP.14;
 - (e) recognized that the LDCF plays an important role in supporting the implementation of the LDC work programme, particularly through the implementation of NAPAs;
 - (f) noted with appreciation the increased resources provided by Parties to the LDCF and the consequent increase to the LDCF ceiling. However, further support continues to be required to formulate and implement the elements of the LDC work programme other than the NAPAs;
 - (g) further encouraged donor countries to continue providing funding for country-driven activities. The SBI invited the GEF to continue raising awareness on the need for adequate and predictable resources under the LDCF to allow the full implementation of the LDC work programme, in particular NAPAs, as mandated by decision 5/CP.14, paragraph 8;
 - (h) noted that existing modalities for implementing NAPA priorities are partially addressing the other elements of the LDC work programme, including through, inter alia, capacity-building and coordination at different levels of government and across sectors, as well as communication and outreach programmes, the development and introduction of adaptation technologies and the improved provision of hydrometeorological services;
 - (i) encouraged the LDCF to support technology elements of the LDC work programme, as appropriate to the priorities of the LDC Parties, including through the support of NAPAs. The SBI further encouraged the LEG to identify synergies with the future work of the Climate Technology Centre and Network;
 - (j) encouraged LDC Parties to consider the options highlighted in the report of the LEG, which identify various ways to further address the other elements of the LDC work programme, according to their specific needs and circumstances. The SBI further encouraged LDC Parties to submit proposals, including from elements of NAPAs, to the LDCF and to relevant bilateral, multilateral and international organizations that address the elements of the LDC work programme that are of highest priority to the LDC Parties;
 - (k) looked forward to the remaining work of the LEG in its 2012–2013 work programme to support the remaining elements of the LDC work programme, and invited the GEF, UN agencies and other

international organizations to make submissions on how they can further support the implementation of the remaining elements of the LDC work programme other than NAPAs, for consideration by SBI 37 with a view to making a recommendation to COP 18;

- (l) took note of the information submitted by the GEF on the activities relating to decision 7/CP.7, paragraph 2 (a–d). The SBI also noted that funding continues to be required to implement activities outlined in decision 7/CP.7, including paragraph 2 (c–d). The SBI further noted that activities outlined in decision 7/CP.7, paragraph 2 (a–b), were selected as the priority areas for the Special Climate Change Fund (SCCF) in accordance with decision 5/CP.9;
 - (m) encouraged donor countries to continue providing funding to the SCCF and invited the GEF to raise awareness on the need for adequate and predictable resources under the SCCF for country-driven activities; and
 - (n) further invited the GEF to report on the issues mentioned in the above to the COP.
46. Under SBI 36 agenda item 7 (b), *Matters relating to the least developed countries* (FCCC/SBI/2012/15, paragraph 126), the SBI also provided guidance to the GEF, inviting the GEF, “in its capacity as the entity entrusted with the operation of the LDC Fund, relevant organizations, agencies and regional centres, to support the organization, under the guidance of the LEG, of the regional training workshops mentioned in the LEG work programme for 2012–2013.”.

GEF's response

47. The GEF has continued to reach out to LDC parties with a view to enhancing communications and facilitating access to resources under the LDCF. The GEF Familiarization Seminar, as well as several Expanded Constituency Workshops (ECWs)³⁰ organized between November 2011 and May 2012, has offered important opportunities for LDC representatives in this regard. With respect to decision 9/CP.17, paragraph 1(d), refer also to paragraphs 63 to 65 in this section.
48. In an information document prepared for the LDCF/SCCF Council in June 2012, the GEF clarifies the concepts of baseline projects, co-financing and additional cost, as applied in the context of projects and programs financed under the LDCF, as well as adaptation projects financed under the SCCF.³¹ The document will be referenced in upcoming ECWs and Familiarization Seminars, as well as in communications with national focal points and GEF Agencies.
49. The GEF has invited LDCs, in collaboration with GEF Agencies, to propose programmatic approaches for NAPA implementation and it will continue to share information about the relevant modalities, processes and procedures. To date, one programmatic approach has been approved by the LDCF/SCCF Council, requesting resources from the LDCF, as well as the SCCF and the GEF Trust Fund; namely, the “*Sahel and West Africa Program in Support of the Great Green Wall Initiative*”. The program, implemented by the World Bank, mobilizes \$16 million from the LDCF in support of NAPA implementation activities in Chad, Ethiopia, Mali and Togo.
50. The GEF welcomes the request to further explore opportunities to streamline the LDCF project cycle. The GEF Secretariat is in the process of reviewing the programming principles of the LDCF, with the

30 In FY 2012, the GEF held the ECWs in: (1) Dakar, Senegal (July 2011); (2) Monrovia, Liberia (July 2011); (3) Honiara, Solomon Islands (September 2011); (4) Tashkent, Uzbekistan (October 2011); (5) Nairobi, Kenya (October 2011); (6) Cape Town, South Africa (November, 2011); (7) Bujumbura, Burundi (February 2012); (8) Dead Sea, Jordan (February 2012); (9) San Jose, Costa Rica (March 2012); (10) Tirana, Albania (March 2012); (11) Ouagadougou, Burkina Faso (April 2012); (12) Antigua and Barbuda (May 2012); and (13) Lima, Peru (May 2012).

31 LDCF/SCCF Council document GEF/LDCF.SCCF.12/Inf.04 (May 2012). Available at <<http://www.thegef.org/gef/sites/thegef.org/files/documents/Clarification%20on%20Additional%20Cost%208%20May.pdf>>.

intention of updating these for the LDCF/SCCF Council in November 2012. The initiative coincides with a broader effort to streamline the project cycle, as well as the processes and procedures for accessing resources under the GEF, which was initiated by decision of the GEF Council in June 2012.³²

51. The GEF Secretariat participated in the 21st LEG meeting in Thimphu, Bhutan in March 2012. The GEF welcomes the report of the meeting and, in particular, the efforts made by LEG to analyze and specify each of the remaining elements of the LDC work programme. Several follow-up actions are being prepared in support of the implementation of these remaining elements, consistent with LEG's review.
52. With respect to "strengthening the capacity of meteorological and hydrological services to collect, analyze, interpret and disseminate weather and climate information to support implementation of NAPAs", as provided in decision 5/CP.7, paragraph 14 (c), and specified in the LEG report, the GEF, through the LDCF, has made considerable progress in meeting LDC needs.³³ In June 2012, the GEF approved nine full-sized projects in nine LDCs in sub-Saharan Africa, requesting some \$41 million under the LDCF, aiming to support climate-resilient development and adaptation by strengthening weather and climate monitoring, data collection and early-warning systems. The projects address the countries' urgent needs pertaining to hydro-meteorological services and early-warning systems, as identified in their NAPAs, while providing essential information and decision-support services to enable sustainable and resilient planning and investment in key sectors of their economies. The nine projects build on and complement previous initiatives financed under the LDCF, as well as those carried out by other multilateral, bilateral, and national institutions. In addition, projects financed under the LDCF continue to include components that contribute towards strengthening the capacity of hydro-meteorological services.
53. The GEF, through the LDCF, continues to support technology transfer through projects and programs for the implementation of NAPAs. The GEF Secretariat estimates that most projects financed under the LDCF contribute towards the transfer of technologies, including the technologies prioritized in the LEG report.³⁴ With regard to the assessment of technology needs, the GEF, through the LDCF, has supported the preparation of NAPAs in 48 LDCs, thus allowing countries to identify their urgent and immediate adaptation needs, including their needs for the transfer of adaptation technologies. Moreover, during its first two phases, the TNA Project, financed under the SCCF-B, supports the development of TNAs in 10 LDCs in Africa and Asia. The GEF looks forward to LEG's assessment of potential synergies between projects and programs financed under the LDCF and the CTCN.
54. On public awareness, capacity building for negotiators, and strengthening existing and, where needed, establishing national climate change secretariats and/or focal points, the GEF Secretariat welcomes the ideas put forward by LEG. Projects and programs financed under the LDCF systematically contribute towards public awareness and communication on matters pertaining to climate change, in accordance with country priorities. Similarly, LDCF projects have supported the establishment and development of mechanisms to oversee and promote regulatory support for climate change adaptation. A capacity building program in support of these other elements of the LDC work programme, similar to the efforts proposed to launch the NAP process, is under consideration.
55. The GEF welcomes further guidance by COP 18, based on the work carried out by LEG, on the implementation of the remaining elements of the LDC work programme.
56. The GEF stands ready to support the organization of the regional training workshops, proposed by LEG in its work program for 2012–2013, in collaboration with other relevant agencies and regional centers, should the UNFCCC Secretariat find that other bilateral and multilateral sources of financing are not available.

32 The GEF Council in June 2012 requested a working group, comprised of Council Members, Agencies, and the Secretariat, to propose at the November 2012 meeting, detailed streamlining measures in the project cycle.

33 FCCC/SBI/2012/7, paragraphs 41-42.

34 FCCC/SBI/2012/7, paragraph 39.

E. Report of the GEF to the COP and Additional Guidance (Decision 11/CP.17)

COP 17 guidance

57. In decision 11/CP.17 on "*Report of the GEF to the COP and additional guidance to the GEF*," paragraph 1, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:
- (a) To continue to work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which Parties not included in Annex I to the Convention (non-Annex I Parties) receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations and to avoid gaps between the enabling activities of current and subsequent national communications, recognizing that the process of preparation of national communications is a continuous cycle;
 - (b) To continue to enhance the transparency of the project review process throughout the project cycle;
 - (c) To clarify the concept of additional costs as applied to different types of adaptation projects under the Least Developed Countries Fund and the Special Climate Change Fund which seek to respond to climate change risks;
 - (d) To continue to provide financial resources to developing countries for strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks under the Least Developed Countries Fund and the Special Climate Change Fund;
58. In decision 11/CP.17, paragraph 2, the COP invited the Global Environment Facility, in the context of technology needs assessments,³⁵ to continue to provide financial support to other³⁶ non-Annex I Parties as appropriate to conduct or update their technology needs assessments, noting the availability of the updated Handbook for Conducting Technology Needs Assessments for Climate Change;³⁷
59. In decision 11/CP.17, paragraph 3, the COP requested the Global Environment Facility, in its regular report to the COP, to include information on the steps it has taken to implement the guidance provided in paragraphs 1 and 2 above.
60. In decision 11/CP.17, paragraph 5, the COP decided to invite Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the COP, their views and recommendations in writing on the elements to be taken into account in developing guidance to the Global Environment Facility.

GEF's response

National communications

61. The GEF continues to work with its Agencies to improve the effectiveness and efficiency of the process for countries to access resources to meet their obligations under Article 12, paragraph 1 of

35 FCCC/SBI/2011/7, paragraph 135.

36 Noting that progress has been made in providing technical and financial support to assist 36 non-Annex I Parties in developing and updating their technology needs assessments and that many non-Annex I Parties expressed their interest to conduct or update their technology needs assessment.

37 <<http://unfccc.int/ttclear/pdf/TNA%20HANDBOOK%20EN%2020101115.pdf>>.

the Convention. For example, the GEF has established expedited procedures for an enabling activity project to meet obligations under the UNFCCC. The GEF continues to provide full-cost funding for NCs. All requests to support NCs have been met by the GEF. The GEF has set aside resources outside country allocations to support NCs and BURs. The GEF has expanded its options for countries to access resources for NCs. There are now four options, including: (i) working with a GEF Agency; (ii) being part of the UNEP umbrella project for NCs; (iii) by direct access from the GEF Secretariat; and (iv) through a national allocation as a full-sized project.

62. The GEF has also provided detailed, accurate, timely and complete information on its activities relating to the preparation of NCs by non-Annex I Parties. Annex 6 of the GEF report to COP 18 provides information on the status of NCs from non-Annex I Parties, which was compiled by the Implementing Agencies of UNDP and UNEP as of March 2012. The GEF will submit an addendum to the report, which updates the status, including the approximate date of submission to the COP.

Transparency of project review process

63. The GEF has continued to enhance the transparency of the project review process throughout the project cycle.³⁸ For GEF projects and programs, the GEF-5 project cycle paper³⁹ articulates review criteria⁴⁰ which include: (a) country eligibility and ownership; (b) Agency's comparative advantage; (c) resource availability; (d) project consistency; (e) project design; (f) project financing; (g) project monitoring and evaluation; and (h) Agency's responses to comments and reviews.
64. As part of GEF's effort to enhance the transparency of the project review process, the GEF Secretariat has implemented the "One Review Policy" described in the GEF-5 project cycle paper. The One Review Policy requires the Secretariat program managers to provide comprehensive and succinct comments when sending a review sheet to the Agencies the first time, and to avoid bringing up new questions subsequently, thus minimizing the need to go back and forth on questions and clarifications between the GEF Secretariat and the Agencies.
65. In addition to the above, starting with the GEF-5 project cycle, all review sheets are posted on the GEF website⁴¹ next to the project document for all projects included in the work program. This provides access to those who are interested to find out the review and comments on each project.

Additional costs of adaptation projects

66. Refer to paragraph 48 in this section.

Systematic observation and monitoring networks under the LDCF and SCCF

67. The GEF continues to provide support for systematic observation and monitoring networks in the context of projects and programs financed under the LDCF and the SCCF. For further details, refer to paragraph 52 in this section.

Technology needs assessments

68. The progress made in supporting TNAs is described in the GEF report to COP 18. The GEF also included TNA support in the Long-Term Program on Technology Transfer. In addition to its global support project for TNAs supported within the Poznan Strategic Program from 2009, the GEF Council approved, in FY 2012, a stand-alone national project including TNA activities titled the "*Preparation of Third National Communication (3NC) to the UNFCCC and Strengthening Institutional and Analytical Capacities on Climate Change*" in India by UNDP. This is an innovative project aimed at realizing in one common framework India's NC, biennial update report, and technology needs assessment. Furthermore, a project titled "*Establish Measurement and Verification System for Energy Efficiency in China*" project by the World Bank was endorsed by the GEF CEO in April 2012,

38 For the GEF project cycle, see Annex 5 of this booklet.

39 GEF/C.39/Inf.3 (October 2010).

40 These criteria are the same as those used in GEF-4 Project Cycle but in GEF-5, additional emphasis has been attached to project/program design and consistency, and the comparative advantage of the GEF Agencies.

41 <http://www.thegef.org/gef/work_programs>.

and started implementation. This project includes extensive sectoral TNAs and pilot implementation (and monitoring) of specific activities targeting prioritized climate technologies, particularly in energy efficiency.

F. SBI 35/36 Conclusions on Development and Transfer of Technologies

SBI 35 conclusions

69. Under SBI 35 agenda item 11, *Development and transfer of technologies* (FCCC/SBI/2011/17, paragraphs 95 to 99), the SBI
- (a) Noted the report of the GEF on the progress made in carrying out the Poznan strategic programme on technology transfer, including its long-term implementation, as invited by the SBI 34;
 - (b) Acknowledged the support provided by the GEF for the implementation of technology transfer pilot projects and for the conduct of technology needs assessments (TNAs). It further acknowledged the progress made in implementing the long-term programme on technology transfer. Furthermore, it urged the GEF and Parties to expedite the process for the early implementation of projects submitted before 30 September 2009;
 - (c) Encouraged non-Annex I Parties to develop and submit project proposals, particularly for technologies for adaptation, to the GEF in line with elements of the long-term programme on technology transfer described in document FCCC/SBI/2011/14, annex, paragraphs 46 and 47;
 - (d) Invited the GEF to raise awareness of the long-term programme on technology transfer;
 - (e) Welcomed the results of the TNAs that are being prepared under the Poznan strategic programme in cooperation with the United Nations Environment Programme (UNEP). The SBI noted information provided orally by the Climate Technology Initiative's Private Financing Advisory Network on its collaboration with UNEP to assess any projects identified under the TNAs to determine their suitability for private-sector investment in order to accelerate implementation; and
 - (f) Invited the GEF to support the operationalization and activities of the CTCN without prejudging any selection of the host.

SBI 36 conclusions

70. Under SBI 36 agenda item 12, *Development and transfer of technologies (c) Poznan strategic programme on technology transfer* (FCCC/SBI/2012/15, paragraphs 195 to 200), the SBI
- (a) Noted the report by the GEF on the progress made in carrying out the Poznan strategic programme on technology transfer, as invited by the SBI 34;
 - (b) Noted the support provided by the GEF for the implementation of technology transfer pilot projects under the Poznan strategic programme and the views expressed by Parties on the need to balance support for mitigation and adaptation projects. It invited the GEF to enhance the balance between adaptation and mitigation projects in the long-term implementation of the Poznan strategic programme, including by enhancing its outreach and awareness-raising efforts on funding opportunities for projects related to technologies for adaptation. It recalled its conclusion at SBI 35 encouraging non-Annex I Parties to submit project proposals, particularly for technologies for adaptation, to the GEF in line with the elements of the long-term programme described in document FCCC/SBI/2011/14, annex, paragraphs 46 and 47;

- (c) Invited the GEF and its implementing agencies to expedite the process for the implementation and completion of the remaining technology transfer pilot projects submitted in 2009 for support under the Poznan strategic programme;
- (d) Acknowledged the support provided by the GEF to assist 36 non-Annex I Parties in conducting their TNAs. It recalled decision 11/CP.17, paragraph 2, which invited the GEF, in the context of TNAs, to continue to provide financial support to other non-Annex I Parties, as appropriate, to conduct or update their TNAs;
- (e) Recalled the conclusion at SBI 34 inviting the GEF to provide reports on the progress made in carrying out its activities under the Poznan strategic programme, including its long-term implementation, for consideration by SBI 35 and subsequent sessions. The SBI invited the GEF in its future progress reports to further elaborate on:
 - i) the activities undertaken by the GEF to enhance its outreach and awareness raising efforts on funding opportunities for projects related to technologies for adaptation in order to address the need for balanced support for projects related to technologies for adaptation;
 - ii) experiences gained and lessons learned, including success stories and challenges faced in carrying out the activities under the Poznan strategic programme;
 - iii) progress made by its implementing agencies in the delivery of technology transfer under the Poznan strategic programme;
 - iv) the efforts carried out to support, pursuant to decision 2/CP.17, the operationalization and activities of the Climate Technology Centre and Network.
- (f) Stressed the need for the further implementation of the element of the Poznan strategic programme included in document FCCC/SBI/2012/9, paragraph 23(a), to be aligned with, and to enable, the operationalization and activities of the CTC and its Network, taking into account document FCCC/SBI/2012/15, paragraphs 185 and 187, and decision 2/CP.17, paragraph 140.

GEF's response

- 71. The GEF presented its progress in carrying out activities under the Poznan Strategic Program to COP 17. The GEF also presented a summary of the report to the COP at SBI 35 and provided an oral update.
- 72. The GEF compiled a report on the progress made in carrying out the Poznan Strategic Program for the period of October 2011 to February 2012 and submitted it to SBI 36. As requested, the GEF also provided an oral update to Parties during SBI 36.
- 73. Detailed elaboration on the progress made in carrying out the Poznan Strategic Program and its long-term elements is included in Part II, Section 4 of the GEF report to COP 18. Further information on the implementation of projects of the Poznan Strategic Program on Technology Transfer is also presented in Annex 5 of the GEF report to COP 18.
- 74. The GEF has been facilitating technology transfer for adaptation through multi-trust fund projects combining GEF Trust Fund and SCCF resources. The GEF has been consistently increasing its support to technology transfer for adaptation as illustrated in Part II, Section 4 of the GEF report to COP 18.
- 75. In order to raise awareness about its support for technology transfer including the Poznan Strategic Program and its long-term elements, the GEF presented its technology transfer efforts, including its funding opportunities for adaptation projects, at a variety of meetings including the following: (i) COP 17 side event (December 2011); (ii) the GEF Familiarization Seminar (January 2012); (iii) GEF ECWs. Many of these meetings

included the UNFCCC national focal points as participants. The GEF also submitted updates on the CTCN-related efforts to the GEF Council in March and May 2012. Furthermore, the GEF website⁴² has been updated regularly with information on the Poznan Strategic Program and its long-term elements.

76. The GEF continues to support technology transfer activities, in line with the Long-Term Program on Technology Transfer, and the operationalization and activities of the future CTCN, as indicated in paragraphs 19 and 20 in this section, in response to COP decision 2/CP.17, with the means at its disposal for that purpose and in line with GEF procedures.

G. SBI 36 Conclusions on National Communications from Non-Annex I Parties

SBI 36 conclusions

77. Under SBI 36 agenda item 4, *National communications from Parties not included in Annex I to the Convention (d) Provision of financial and technical support* (FCCC/SBI/2012/15), the SBI
- (a) Reiterated the request to the GEF made by the COP in decision 2/CP.17, paragraph 44, to make available support to non-Annex I Parties preparing their BURs as early as possible in 2012 and on the basis of agreed full-cost funding;
 - (b) Invited the GEF to continue providing detailed, accurate, timely and complete information on its activities relating to the preparation of national communications by non-Annex I Parties, in accordance with decision 10/CP.2, paragraph 1(b), including information on the dates of approval of funding and disbursement of funds.
 - (c) Invited the GEF to continue providing information on the approximate date of completion of the draft national communications and an approximate date of submission to the secretariat of the national communications, for consideration by the SBI 37.
 - (d) Invited the GEF to provide, in its report to the COP 18, detailed, accurate, timely and complete information on its activities relating to the preparation of BURs, including information on the dates of request and approval of funding, as well as disbursement of funds.
 - (e) Encouraged the GEF, in accordance with decision 4/CP.14, to continue to ensure, as a top priority, that sufficient financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention.
 - (f) Invited the GEF to report on providing funds for technical support for the preparation of BURs from non-Annex I Parties, similar to that provided by the National Communications Support Programme, in its report to COP 19.

GEF's response

National communications

78. See paragraphs 61 and 62 in this section.

Biennial update reports

79. See paragraphs 11 and 12 in this section.⁴³

42 <http://www.thegef.org/gef/Technology_Transfer>.

43 As of October 1, 2012, the GEF is preparing the "Global Support Programme for Preparation of National Communications and Biennial Update Reports for non-Annex I Parties" with UNDP and UNEP.

Cancun, Mexico



IV. COP 16 Guidance and GEF Responses

1. The sixteenth session of the Conference of the Parties (COP 16) was held from November 29 to December 10, 2010 in Cancun, Mexico. Decisions at COP 16 include guidance to the GEF. GEF responses to the guidance and SBI 34⁴⁴ conclusions are included in its report to COP 17.⁴⁵ The reporting period is FY 2011, from July 1, 2010, to June 30, 2011.

A. Cancun Agreements (Decision 1/CP.16)

COP 16 guidance

2. In decision 1/CP.16 on "*the Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention*," paragraph 111, the COP requested the secretariat, in consultation with the President of the Conference of the Parties, to make arrangements enabling relevant United Nations agencies, international financial institutions and multilateral development banks, along with the secretariat and the Global Environment Facility, to second staff to support the work of the Transitional Committee for the design phase of the Green Climate Fund.

GEF's response

3. The GEF seconded a senior member of the GEF management team to support the work of the Transitional Committee during 2011.

B. Fourth Review of the Financial Mechanism (Decision 2/CP.16)

COP 16 guidance

4. In decision 2/CP.16 on "*Fourth review of the financial mechanism*," paragraph 1, the COP took note of the findings of the Fourth Overall Performance Study, which was completed prior to the fifth replenishment, that:
 - (a) The Global Environment Facility support continues to be in line with guidance from the Conference of the Parties;

44 SBI 34 was held from June 6 to 16, 2011 in Bonn, Germany.

45 GEF responses to COP 16 guidance are as of the date when the GEF report to COP 17 (FCCC/CP/2011/7) was compiled (July 1, 2011), unless stated otherwise. The GEF report to COP 17 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600006454>.

- (b) Although developed country donors have provided new and additional funding for global environmental benefits to developing countries, this has been insufficient to cover the increasing agenda of the Global Environment Facility as agreed upon in the conventions;
 - (c) The Global Environment Facility support has been crucial in enabling countries to integrate climate change into their national development agendas;
 - (d) The Global Environment Facility support has assisted developing countries in introducing policies to address climate change and reduce and avoid greenhouse gas emissions;
 - (e) The Resource Allocation Framework has hindered the access of group countries to the Global Environment Facility, particularly in relation to climate change, which may explain some of the discontent of the climate change community with the Global Environment Facility;
 - (f) The Global Environment Facility reporting requirements to the conventions have generally been met, yet certain aspects require improvement;
 - (g) The move of the Global Environment Facility towards country-level programming has increased country ownership to some extent, but the current modalities for resource allocation require improvement;
 - (h) There is scope to further simplify and streamline the Global Environment Facility procedures, particularly the project identification phase, and improve timeliness throughout the project cycle;
 - (i) The Global Environment Facility needs a knowledge management strategy to improve learning and the sharing of best practices;
 - (j) The Global Environment Facility has played an important role in scaling up resources to address climate change.
5. In decision 2/CP.16, paragraph 2, the COP welcomed the successful negotiations of the fifth replenishment of the GEF and notes that this is the largest increase in the climate change focal area since the Global Environment Facility was established, noting the increasing mitigation and adaptation needs of developing countries to be taken into account within the context of the Global Environment Facility.
 6. In decision 2/CP.16, paragraph 3, the COP decided that the Global Environment Facility has provided and should continue to enhance its support to developing countries in:
 - (a) Meeting their commitments under the Convention;
 - (b) Strengthening national capacity-building;
 - (c) Applying and diffusing technologies, practices and processes for mitigation.
 7. In decision 2/CP.16, paragraph 4, the COP requested the Global Environment Facility to continue improving its modalities to increase the responsiveness, effectiveness and efficiency of its support, including:
 - (a) Being responsive to new guidance from the Conference of the Parties;
 - (b) Including in its reporting to the Conference of the Parties a critical assessment of its experience with implementation of projects, as well as its experience with incorporating guidance from the Conference of the Parties into its strategies and programme priorities;

- (c) Enhancing modalities which reinforce country ownership and improve the allocation of resources;
 - (d) Further simplifying and improving its procedures, particularly those for the identification, preparation and approval of activities;
 - (e) Ensuring that access to resources is expeditious and timely;
 - (f) Enabling country-level programming, where appropriate;
 - (g) Ensuring consistency and complementarity with other financing activities;
 - (h) Promoting private-sector financing and investment to address climate change activities;
 - (i) Strengthening its knowledge management approach to share best practices.
8. In decision 2/CP.16, paragraph 5, the Conference of the Parties decided that the Global Environment Facility should continue to provide and enhance support for the implementation of adaptation activities, including the implementation of national adaptation programmes of action, through the Least Developed Countries Fund and the Special Climate Change Fund.
 9. In decision 2/CP.16, paragraph 6, the COP requested the Global Environment Facility, in its regular report to the Conference of the Parties, to include information on the steps it has taken to implement the guidance provided in paragraphs 3, 4 and 5 above.
 10. In decision 2/CP.16, paragraph 7, the COP invited Parties to submit to the secretariat annually, no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on elements to be taken into account in developing guidance to the Global Environment Facility.

GEF's response

11. The GEF continues to improve its modalities through the GEF-5 reforms. These include shorter cycle times, country-drivenness, and knowledge management.
12. GEF regularly reports to the COP and the SBI on its experience with project implementation and incorporation of guidance.
13. GEF-5 reforms place a priority on country-ownership, including the clear allocation of resources, the country support program, and support for National Portfolio Formulation Exercise. During GEF-5, 40 countries have undertaken portfolio exercises with GEF support.⁴⁶
14. The GEF continues to work collaboratively with other organizations, such as the Climate Investment Funds (CIF), to on complementary financing activities.
15. The GEF has proposed a strategy for private sector engagement to the GEF council, which was approved on November 10, 2011.⁴⁷ The strategy will emphasis Public Private Partnerships, working with

46 A list of the countries and copies of completed National Portfolio Formulation Documents can be found at: <<http://www.thegef.org/gef/npfe>>.

47 GEF/C.41/9.Rev.01.

Multi-lateral Development Banks (MDBs) to promote innovative financing, and also support small and medium enterprises (SME) innovation and entrepreneurship.⁴⁸

16. The GEF continues to strengthen knowledge management activities. A strategy for knowledge management was presented at the 40th GEF Council Meeting.⁴⁹

C. Additional Guidance to the GEF (Decision 3/CP.16)

COP 16 guidance

17. In decision 3/CP.16 on "*Additional guidance to the Global Environment Facility*," paragraph 1, the COP called on the Global Environment Facility to complete its reforms as early as possible in order to facilitate the successful implementation of the fifth replenishment cycle of the Global Environment Facility.
18. In decision 3/CP.16, paragraph 2, the COP requested the Global Environment Facility in the implementation of these reforms to give full information to countries, in particular in relation to the implications of these reforms on the activities conducted by the Global Environment Facility.
19. In decision 3/CP.16, paragraph 3, the COP urged the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to increase access to funding for activities related to Article 6 of the Convention.
20. In decision 3/CP.16, paragraph 4, the COP requested the Global Environment Facility:
 - (a) To continue to provide funds for technical support for the preparation of National Communications of Parties not included in Annex I to the Convention (non-Annex I Parties), similar to that provided by the National Communications Support Programme, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I Parties for the preparation of their National Communications;
 - (b) To ensure that the expedited process under the operational procedures continues to provide timely disbursement of funds to non-Annex I Parties for the preparation of their National Communications;
 - (c) To work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which non-Annex I Parties receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations, and to avoid gaps between enabling activities of current and subsequent National Communications, recognizing that the process of preparation of National Communications is a continuous cycle;
 - (d) To finalize any remaining operational procedures to ensure the timely disbursement of funds for those Parties that decide to access resources for the preparation of their National Communications through direct access;

48 The strategy document can be found at: <<http://www.thegef.org/gef/content/revised-strategy-enhancing-engagement-private-sector>>.

49 GEF/C.40/Inf.03.

- (e) To provide detailed information on funding for projects that have been identified in the National Communications of non-Annex I Parties in accordance with Article 12, paragraph 4, of the Convention and subsequently submitted and approved.

GEF's response

- 21. The GEF continues to improve its modalities through the GEF-5 reforms. These include shorter cycle times, country-drivenness, and knowledge management.
- 22. Through the ECWs and Constituency meetings, the GEF is providing updates and necessary information to the countries, including convention focal points, on the current reforms. Twelve workshops have been conducted through November 2011.
- 23. The GEF has also contacted each recipient country to provide an update in writing on financing options available for National Communications.
- 24. The GEF supports all requests for National Communications. Each country is eligible for up to \$500,000 and can work with agencies or through direct access. Countries can also use the STAR allocation funding. All requests have been approved, totaling over \$180 million since GEF inception.
- 25. The GEF, through its regular reporting to the SBI and the COP, will continue to provide detailed, accurate, timely, and complete information on the most recent GEF Council decisions related to NCs and its activities relating to the preparation of NCs from non-Annex I Parties.
- 26. The GEF provides financing for public awareness activities through project activities so that public awareness is integrated in each GEF project.
- 27. The GEF submitted an addendum to its COP 17 report to report on Article 6 funding.
- 28. To date the GEF has had consultations with eight of the GEF Agencies on 851 projects. The initial estimate is that a minimum of US\$84,301,200 has been allocated to finance Article 6 activities, since the inception of the GEF. The GEF will continue to work with the agencies on this issue and provide a revised figure for SBI 36.

D. Assessment of the SCCF (Decision 4/CP.16)

COP 16 guidance

- 29. In decision 4/CP.16 on "Assessment of the Special Climate Change Fund," the COP, noting the information on the Special Climate Change Fund provided through the annual reports of the Global Environment Facility to the Conference of the Parties, decided to conclude the assessment of the status of implementation of paragraph 2 of decision 1/CP.12 and to request the entity entrusted with the operation of the Special Climate Change Fund to include in its report to COP 17 information on the implementation of paragraph 2 (a-d) of decision 7/CP.7.

GEF's response⁵⁰

30. The SCCF was established in 2001 in accordance with decision 7/CP.7 of the Convention. In May 2002, the GEF Council approved arrangements proposed for the establishment of the Fund,⁵¹ including its scope, guidance, financing, and eligibility criteria.
31. In November 2004, the SCCF was operationalized with the approval of the programming principles for adaptation and technology transfer, Special Climate Change Fund Adaptation Program (SCCF-A) and SCCF-B.⁵² These programming principles were developed in accordance with decision 5/CP.9, which provides that adaptation activities are to have top priority for funding and that technology transfer and its associated capacity-building activities are also to be an essential area for funding. This initial programming document formed the basis for mobilizing funds for the SCCF and the Trustee began accepting contribution payments to the SCCF in January 2005.
32. In May 2007, the LDCF/SCCF Council approved programming directions⁵³ for the programs on mitigation in different sectors and economic diversification, SCCF-C and SCCF-D, in line with decision 1/CP.12.
33. As of November 22, 2011, Parties had pledged a total of \$244.2 million towards the programs for adaptation and technology transfer. No voluntary contributions have been made towards mitigation in different sectors or economic diversification.
34. As of November 22, 2011, the SCCF adaptation program had mobilized \$150.40 million for 30 full-sized projects, 6 medium-sized projects and three multi-trust fund programmatic approaches in non-Annex I countries. These projects and programs leverage \$960 million in total co-financing. The SCCF program for technology transfer had mobilized \$6.15 million for three pilot projects under the Poznan Strategic Program on Technology Transfer. Moreover, the program financed the TNA project for 35 to 45 countries with \$9 million.
35. The independent GEF Evaluation Office launched an evaluation of the SCCF during the reporting period, the main findings of which will be made available by COP 17. The evaluation will focus on assessing the SCCF adaptation program. As for the remaining three programs, the evaluation will review issues pertaining to guidance as well as the availability and accessibility of funds. The evaluation considers three overarching questions: (i) what can we learn from the SCCF and its funded projects in terms of financing adaptation measures? (Implementation of SCCF eligibility criteria and of the Results-Based Management (RBM) framework in the identification, approval and monitoring of SCCF projects); (ii) what can we learn from the SCCF and its funded projects in terms of designing and implementing adaptation measures and approaches? (Use of vulnerability assessments; alignment with national agendas; and prioritization of sectors, regions and adaptation measures); (iii) what lessons can be drawn from the governance and management of the SCCF as a whole? (Adherence to principles of transparency, accountability, responsiveness and cost-effectiveness).

50 GEF's responses were updated in November 2011.

51 GEF/C.19/6.

52 GEF/C.24/12.

53 GEF/LDCF.SCCF.2/4.

E. Further Guidance for the Operation of the LDCF (Decision 5/CP.16)

COP 16 guidance

36. In decision 5/CP.16 on "*Further guidance for the operation of the LDCF*," the COP, reiterating the need to implement national adaptation programmes of action as soon as possible after completion,:
- (a) Reiterated its request to the Global Environment Facility, as an operating entity of the financial mechanism of the Convention operating the Least Developed Countries Fund, in parallel to supporting the ongoing implementation of national adaptation programmes of action, to facilitate the implementation of the remaining elements of the least developed countries work programme (paragraph 1);
 - (b) Reiterated its request to the Global Environment Facility to work with its agencies to improve communication with least developed country Parties and to speed up the process by, for instance, establishing a time frame within which least developed country Parties can access funding and other support for the preparation and implementation of projects identified in their national adaptation programmes of action (paragraph 2);
 - (c) Requested the Global Environment Facility to provide funding from the Least Developed Countries Fund to least developed country Parties, upon request, to enable the update of their national adaptation programmes of action with a view to further improving their quality, to facilitate the integration of least developed countries adaptation actions into development planning and to reflect increased adaptation knowledge and changed priorities in the countries (paragraph 3);
 - (d) Requested the Global Environment Facility to include, in its reports to the Conference of the Parties, information on specific steps it has taken to implement this decision, for consideration by the Conference of the Parties at its subsequent sessions (paragraph 8);
37. In decision 5/CP.16, paragraph 9, the COP decided to assess progress made in the implementation of this decision and to consider the adoption of further guidance, as appropriate, at its eighteenth session.

*GEF's response*⁵⁴

38. As of November 22, 2011, the LDCF had approved funding for 48 NAPAs, out of which 46 were completed and the remaining three were in the final stages of preparation and expected to be completed during 2011. Of the 46 countries with approved NAPAs, all had submitted proposals for NAPA implementation projects and 42 had had their first projects approved for funding. As of July 1, 2010, a streamlined project cycle has been adopted under the LDCF, providing a maximum of 18 months for the preparation of full sized projects and allowing a one-step approval process for medium sized projects.
39. In projects and programs submitted for funding under the LDCF, LDCs have successfully integrated core elements of the LDC work program.
- (a) Public awareness of climate change impacts and appropriate adaptation measures is advanced through distinct components and outputs in more than 75 per cent of the projects and programs financed under the LDCF.

⁵⁴ GEF's responses were updated in November 2011.

- (b) The transfer and adoption of adaptation technology constitutes one of the strategic objectives of the LDCF. Accordingly, technology transfer in a variety of sectors; in the shape of technology information, hard technologies, as well as capacity building, coordination and policy; constitutes a major component of most LDCF projects.
- 40. More than a fifth of LDCF projects and programs strengthen the capacity of meteorological and hydrological services to collect, analyze, interpret and disseminate weather and climate information in accordance with priorities identified in NAPAs.
- 41. In November 2010, the GEF Secretariat published simplified guidelines on accessing resources under the LDCF, titled *Accessing Resources under the Least Developed Countries Fund*. These guidelines have been disseminated at ECWs, LDCF/SCCF Council meetings as well as other meetings with LDCs. To further enhance communications and to support LDCs in NAPA implementation, the Secretariat has supported and participated in six regional training workshops for the LEG between October 2009 and March 2011. These workshops provided an opportunity for the GEF Secretariat to update the LEG on progress made in supporting NAPA implementation as well as to provide additional clarification regarding the project cycle including the implementation of recent GEF reforms in the operation of the LDCF.
- 42. At the end of FY 2011, the GEF had not received requests from LDCs to support the update of NAPAs.

F. Implementation of the Amended New Delhi Work Programme (Decision 7/CP.16)

COP 16 guidance

- 43. In decision 7/CP.16 on *"Progress in, and ways to enhance, the implementation of the amended New Delhi work programme on Article 6 of the Convention,"* the COP urged the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to increase access to funding for Article 6 related activities.

GEF's response

- 44. See paragraphs 26 to 28 in this section.

G. SBI 34 Conclusions on National Communications from Non-Annex I Parties

SBI 34 conclusions

- 45. Under SBI 34 agenda item 4, *National communications from Parties not included in Annex I to the Convention (d) Provision of financial and technical support* (FCCC/SBI/2011/7), the SBI:
 - (a) Invited the GEF to continue to provide detailed, accurate, timely and complete information on its activities relating to the preparation of national communications by non-Annex I Parties, in accordance with decision 10/CP.2, paragraph 1(b), including information on the dates of approval of funding and disbursement of funds.

- (b) Invited the GEF to continue to provide information on the approximate date of completion of the draft national communications and an approximate date of submission of the national communications to the secretariat, for consideration by SBI 35.
- (c) Took note with appreciation of the information provided by the GEF in its oral report⁵⁵ to the SBI on the expanded possibilities and options available to non-Annex I Parties to access resources for their national communications and looked forward to being provided with information in the report of the GEF to COP 17 on this issue.
- (d) Reiterated its recommendation to COP 16, to request the GEF to continue to provide funds for technical support for the preparation of national communications of non-Annex I Parties, similar to that provided by the National Communications Support Programme, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I Parties for the preparation of their national communications.

GEF's response

- 46. The GEF continues to provide detailed, accurate, timely and complete information on its activities relating to the preparation of NCs by non-Annex I Parties, in accordance with decision 10/CP.2, paragraph 1 (b), including information on the dates of approval of funding and disbursement of funds.
- 47. The GEF continues to provide information on the approximate date of submission of the draft NCs and an approximate date of submission of the NCs to the UNFCCC secretariat.
- 48. The GEF has also contacted each recipient country to provide an update in writing on financing options available for NCs.
- 49. The GEF supports all requests for NCs. Each country is eligible for up to \$500,000 and can work with agencies or through direct access. Countries can also use STAR allocation funding. All requests have been approved, totaling over \$180 million since GEF inception.
- 50. The GEF, through its regular reporting to the SBI and the COP, will continue to provide detailed, accurate, timely, and complete information on the most recent GEF Council decisions related to NCs and its activities relating to the preparation of NCs from non-Annex I Parties.
- 51. The most recent update of NCs from non-Annex I parties was submitted to UNFCCC on October 5, 2011. This submission functions as an addendum to the GEF report to COP 17 as well as the submission to the SBI on the issue of non-Annex I National Communications.

55 The GEF representative, in his oral report, presented the following options:
 Option 1: Countries can work with the GEF agency of their choice, as was the case in previous national communications;
 Option 2: Countries can be part of the UNEP umbrella project for national communications;
 Option 3: Countries can access resources of up to \$500,000 via direct access with the GEF Secretariat for their national communications;
 Option 4: If countries need additional resources above the \$500,000 provided for the preparation of national communications, countries can utilize their STAR allocation.

H. SBI 34 Conclusions on Financial Mechanism of the Convention

SBI 34 conclusions

52. Under SBI 34 agenda item 5, *Financial mechanism of the Convention* (FCCC/SBI/2011/7), the SBI invited the GEF, as an operating entity of the financial mechanism, to clarify in its annual report to COP 17 whether the activities in decision 5/CP.7, paragraph 7(a)(iv), fall within its mandate.

GEF's response

53. The GEF affirms that its mandate under the LDCF and the SCCF covers these activities.

I. SBI 34 Conclusions on Article 6 of the Convention

SBI 34 conclusions

54. Under SBI 34 agenda item 6, *Article 6 of the Convention* (FCCC/SBI/2011/7), the SBI invited the GEF and its implementing agencies to provide to SBI 35 information on resources made available for the implementation of Article 6 related activities for consideration at SBI 36.

GEF's response

55. The GEF provides financing for public awareness activities through project activities so that public awareness is integrated in each GEF project.
56. The GEF submitted an addendum to its COP 17 report to report on Article 6 funding.
57. To date we have had consultations with eight of the GEF Agencies on 851 projects. The initial estimate is that a minimum of US\$84,301,200 has been allocated to finance Article 6 activities, since the inception of the GEF. The GEF will continue to work with the agencies on this issue and provide a revised figure for SBI 36.

J. SBI 34 Conclusions on Matters relating to LDCs

SBI 34 conclusions

58. Under SBI 34 agenda item 7, *Matters relating to Article 4, paragraphs 8 and 9, of the Convention (b) Matters relating to the least developed countries* (FCCC/SBI/2011/7), the SBI invited the Least Developed Countries Expert Group (LEG) to continue to assist the LDCs that have not yet completed their NAPAs to complete and submit these as soon as possible, in collaboration with the GEF and its agencies.

GEF's response

59. As of June 30, 2011, LDCF had approved funding for 48 NAPAs, out of which 45 were completed while the remaining three (Angola, Myanmar and Timor Leste) were in the final stages of preparation and expected to be completed during 2011.

K. SBI 34 Conclusions on Development and Transfer of Technologies

SBI 34 conclusions

60. Under SBI 34 agenda item 12, *Development and transfer of technologies* (FCCC/SBI/2011/7), the SBI:
- (a) Recommended that the COP, at its seventeenth session, invite the GEF to continue to provide financial support to other non-Annex I Parties, as appropriate, to conduct or update their TNAs, noting the availability of the updated handbook *Conducting Technology Needs Assessments for Climate Change*.⁵⁶
 - (b) Invited the GEF, Parties and relevant organizations in a position to do so to provide financial support for project proposals, including those for pilot projects, of the types supported by the Poznan strategic programme related to technologies for adaptation.
 - (c) Invited the GEF to provide reports on the progress made in carrying out its activities under the Poznan strategic programme, including its long-term implementation, for consideration by SBI 35 and subsequent sessions, for the duration of the Poznan strategic programme.

GEF's response

61. The Long-Term Program on Technology Transfer includes support for additional countries to carry out and/or update their TNAs. The GEF is therefore ready to consider supporting additional TNAs.
62. The Long-Term Program on Technology Transfer includes piloting of priority technology projects to foster innovation and investments for both mitigation and adaptation. In addition, the entire GEF-5 climate change mitigation portfolio supports technology transfer. Technology transfer is also a strategic objective for the LDCF/SCCF.
63. The GEF has submitted a progress report to COP 17 and will present it at the SBI 35.

56 <<http://unfccc.int/ttclear/pdf/TNA%20HANDBOOK%20EN%2020101115.pdf>>.

Copenhagen, Denmark



V. COP 15 Guidance and GEF Responses

1. The fifteen session of the Conference of the Parties (COP 15) was held from December 7 to 18, 2009 in Copenhagen, Denmark.
2. No specific guidance to the GEF was provided at COP 15. The COP adopted a decision⁵⁷ in which it requested the SBI to continue its consideration of additional guidance to the GEF at SBI 32 with a view to recommending a draft decision for adoption by COP 16. On the matters relating to the LDCs under the SBI, the draft conclusions proposed by the Chair express SBI's appreciation to the GEF and its Agencies for the steps taken to improve the processing of application for funding of the implementation of NAPA projects under the LDCF and for the constructive dialogues among the LDC Parties, the LEG and the GEF and its Agencies on the provision of enhanced support for the preparation and implementation of NAPAs and encouraged those involved to continue this dialogue.⁵⁸
3. In its report to COP 16,⁵⁹ the GEF provided summaries of the reported responses of the GEF to the COP guidance during GEF-4.

57 FCCC/SBI/2009/L.30.

58 FCCC/SBI/2009/L.27.

59 The GEF report to COP 16 (FCCC/CP/2010/5) is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600005991>.



Poznan, Poland

VI. COP 14 Guidance and GEF Responses

1. The fourteenth session of the Conference of the Parties (COP 14) was held from December 1 to 12, 2008 in Poznan, Poland. Decisions at COP 14 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 15.⁶⁰ The reporting period is from September 1, 2008, to June 30, 2009.

A. Development and Transfer of Technologies (Decision 2/CP.14)

COP 14 guidance

2. In decision 2/CP.14 on “*Development and transfer of technologies*,” paragraph 1, the COP welcomed the Poznan strategic programme on technology transfer,⁶¹ as a step towards scaling up the level of investment in technology transfer in order to help developing countries address their needs for environmentally sound technologies, and recognizes the contribution that this strategic programme could make to enhancing technology transfer activities under the Convention.
3. In decision 2/CP.14, paragraph 2, the COP requested the Global Environment Facility:
 - (a) To promptly initiate and expeditiously facilitate the preparation of projects for approval and implementation under the strategic programme referred to in paragraph 1 above in order to help developing countries address their needs for environmentally sound technologies;
 - (b) To collaborate with its implementing agencies in order to provide technical support to developing countries in preparing or updating, as appropriate, their technology needs assessments using the updated handbook for conducting technology needs assessments for climate change published by the United Nations Development Programme, to be made available in early 2009 in collaboration with the Expert Group on Technology Transfer, the UNFCCC secretariat and the Climate Technology Initiative;
 - (c) To consider the long-term implementation of the strategic programme, including: addressing the gaps identified in current operations of the Global Environment Facility that relate to investment in the transfer of environmentally sound technologies; leveraging private-sector investment; and promoting innovative project development activities;
 - (d) To report on the progress made in carrying out the activities referred to in paragraph 2 (a–c) above to COP 16, in addition to providing interim reports to the SBI 30/31, with a view to assessing its progress and future direction in order to help inform Parties in their consideration of long-term needs for implementation of the strategic programme.

60 GEF responses to COP 14 guidance are as of the date when the GEF report to COP 15 (FCCC/CP/2009/9) was compiled (October 9, 2009), unless stated otherwise. The GEF report to COP 15 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600005477>.

61 Previously referred to as the strategic programme of the GEF (FCCC/SBI/2008/16) and renamed by the COP at its 14th session.

GEF's response

Poznan Strategic Program on Technology Transfer

4. The COP 14 welcomed the GEF's (renaming it the Poznan) Strategic Program on Technology Transfer as a step toward scaling up the level of investment in the transfer of environmentally sound technologies to developing countries while recognizing the contribution that this program could make to enhancing technology transfer activities under the Convention.
5. The strategic program on technology transfer consists of three funding windows: (1) technology needs assessments; (2) technology transfer pilot projects; and (3) dissemination of technologies and practices. The GEF report to COP 15 focuses on the first two substantive activities of the strategic program. In addition, the report discusses how the GEF is considering the long-term implementation of the strategic program.

Technology needs assessments

6. Immediately following COP 14, the GEF Secretariat organized a stakeholder consultation meeting in January 2009 in Washington, DC to formulate a strategy and work plan for the implementation of the TNAs. UNEP and UNDP were invited to present the status of the existing TNAs funded by the GEF and to discuss the prior experience and lessons learned. UNEP outlined a strategy for the implementation of the new round of TNAs. Participants at the meeting, including representatives from the GEF agencies, the GEF STAP, the UNFCCC Secretariat, and the Climate Technology Initiative (CTI), provided constructive comments and suggestions. Participants of the meeting stressed that TNAs should be actionable and should provide a pathway to the implementation of projects on the ground.
7. With the facilitation of the GEF Secretariat, UNEP drafted a project concept for a global TNA project for GEF funding, to be drawn from the SCCF. An informal consultation led by the GEF Secretariat was carried out in the margins of the special meeting of the Expert Group on Technology Transfer (EGTT) on February 24-26, 2009, in Bonn, Germany. The draft TNA project concept was shared with members of the EGTT, who reacted positively. Subsequently, UNEP finalized the global TNA project concept and submitted it to the GEF Secretariat in late March. The project concept was approved by the LDCF/SCCF Council in the April 2009 Inter-sessional Work Program. The full project document was endorsed by the GEF CEO on August 18, 2009.
8. The TNA project will provide targeted financial and technical support to assist developing countries in carrying out improved TNAs within the framework of Article 4.5 of the UNFCCC. The project will support up to 45 developing countries in preparing their TNA and Technology Action Plan. The project will use methodologies in the revised TNA Handbook. Total GEF funding for this TNA project is \$9 million (including fees for the GEF Implementing Agency).

Technology transfer pilot projects

9. On March 25, 2009, the GEF CEO circulated a call for proposals for technology transfer pilot projects to all national GEF operational focal points, copied to the GEF agencies and the UNFCCC Secretariat. The call for proposals provided the background information, explained the procedures for submitting proposals, and outlined selection criteria. Funding from the GEF will support priority pilot projects with a view to scaling up investment in the transfer of environmentally sound technologies to developing countries. The target funding level from the GEF for pilot projects is \$40 million (including fees for the GEF Agencies).
10. Since March 2009 the GEF Secretariat has been working actively to discuss project ideas, and to facilitate the development of project proposals with the GEF agencies and interested parties to address their queries through the GEF inter-agency climate change task force, bilateral consultation, seminars and workshops, and other channels.

Long-term implementation of the strategic program

11. In keeping with the COP 14 decision that requested the GEF to consider the long-term implementation of the strategic program on technology transfer, the GEF Secretariat has identified technology transfer as a long-term priority objective of the GEF in the climate change focal area. Linking to the replenishment of the GEF Trust Fund, the GEF Secretariat is currently developing a climate change strategy for the period of the fifth replenishment from 2010 to 2014, in consultation with the Technical Advisory Group, GEF STAP, GEF agencies, and other stakeholders.
12. Technology transfer is featured in the draft GEF-5 strategy in the climate change focal area. The working document for GEF-5 replenishment, "Draft GEF-5 Programming Document", includes preliminary ideas for technology transfer for GEF-5. This document was presented to the second meeting on GEF-5 replenishment held in Washington, DC, on June 25-26, 2009. Elaboration of the strategic program on technology transfer by the GEF will be carried out with the development of the GEF-5 strategy and with the conclusion of the GEF-5 replenishment in early 2010.

B. Financial mechanism of the Convention: fourth review of the financial mechanism (Decision 3/CP.14)

COP 14 guidance

13. In decision 3/CP.14 on "*Financial mechanism of the Convention: fourth review of the financial mechanism,*" paragraph 3, the COP urges the Council of the Global Environment Facility to help to ensure that adequate and predictable funding is made available for the implementation of commitments under Article 4, paragraph 3, of the Convention.

GEF response

14. The GEF continues to make available resources to countries to meet their commitments under the Convention

C. Additional Guidance to the GEF (Decision 4/CP.14)

COP 14 guidance

15. In decision 4/CP.14 on "*Additional guidance to the Global Environment Facility,*" paragraph 1, the COP, noting the report of the GEF to the COP, requested the Global Environment Facility:
 - (a) To fully address issues raised over the implementation of the Resource Allocation Framework;
 - (b) To provide information on a regular basis on the composition and objective of the cofinancing for projects funded by the Global Environment Facility;
 - (c) To continue to enhance action on mitigation and, as appropriate, adaptation, in developing country Parties, including to promote, facilitate and finance, as appropriate, transfer of, or access to, environmentally sound technologies and know-how;

- (d) To continue to improve access for all developing countries, in particular least developed countries, small island developing States and countries in Africa, to Global Environment Facility resources;
 - (e) To continue to encourage its implementing and executing agencies to perform their functions as efficiently and transparently as possible, in accordance with guidance of the Conference of the Parties;
 - (f) To ensure, as a top priority, that sufficient financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention, noting and welcoming that a number of Parties not included in the Annex I (non-Annex I Parties) plan to initiate the preparation of their third or fourth national communications by the end of the fourth replenishment of the Global Environment Facility.
16. In decision 4/CP.14, paragraph 2, the COP invited the Global Environment Facility to inform its implementing agencies of the guidelines for the preparation of national communications from non-Annex I Parties and of relevant provisions of the Convention, in particular its Article 4, paragraph 3, on the provision of new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention.
17. In decision 4/CP.14, paragraph 3, the COP reiterated the following requests made by the Conference of the Parties at its thirteenth session to the Global Environment Facility:
- (a) To continue to ensure that financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention;
 - (b) To refine, as appropriate, operational procedures to ensure the timely disbursement of funds to meet the agreed full costs incurred by those non-Annex I Parties that are in the process of preparing their third and, where appropriate, fourth national communications;
 - (c) To assist, as appropriate, non-Annex I Parties in formulating and developing project proposals identified in their national communications in accordance with Article 12, paragraph 4, of the Convention and decision 5/CP.11, paragraph 2;
 - (d) To work with its implementing agencies to continue to simplify their procedures and improve the effectiveness and efficiency of the process through which non-Annex I Parties receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations.
18. In decision 4/CP.14, paragraph 4, the COP reiterated the invitation made by the Conference of the Parties at its thirteenth⁶² session to the Global Environment Facility to continue to provide information on funding for projects that have been identified in the national communications of non-Annex I Parties in accordance with Article 12, paragraph 4, of the Convention and subsequently submitted and approved.
19. In decision 4/CP.14, paragraph 5, the COP further reiterated its request to the Global Environment Facility to make continued efforts to provide adequate financial resources to support the implementation of capacity-building activities consistent with decision 2/CP.7.

62 FCCC/SBI/2007/34, paragraph 36 (a).

20. In decision 4/CP.14, paragraph 6, the COP further requested the Global Environment Facility to continue to include, in its regular report to the Conference of the Parties, information responsive to guidance of the Conference of the Parties.

GEF's response

Implementation of the RAF

21. As of June 30, 2009, countries had utilized a total of \$598.507 million in climate change allocations. About 52% of the resources available in the Climate Change Mitigation focal area (\$1,145.750 million) have been utilized. Yet, this utilization figure does not include substantial funds that are already committed to Council-endorsed Programmatic Approaches, which are allocated to projects to be submitted for approval till the end of 2009.
22. At the time of the Council meeting in November 2008, it was anticipated that some countries with individual Resource Allocation Framework (RAF) allocations might not be able to fully program and utilize their allocations in GEF-4, and the question of how to reallocate unused funds under the RAF emerged against a background of relative optimism about the state of GEF 4 resources. The GEF Secretariat requested Council's approval of a proposed reallocation of GEF-4 resources. At the June 2009 meeting the Council agreed with the principles for allocating the remaining GEF-4 resources outlined in the paper, mandated the Secretariat to implement the allocation of the remaining GEF-4 resources in accordance with these principles, and, in collaboration with the Trustee, to undertake periodic reviews of the projected available resources and to adjust the allocations as needed. The Council further requested the Secretariat to inform Council about future adjustments of allocations between focal areas and to prepare a report on the status of used and unused resources for the November 2009 Council meeting.
23. Also, the GEF Council in its June 2009 meeting decided that project concepts from countries with individual RAF allocations be processed and cleared up to the country allocation levels as of July 2008, until the overall cap for the focal area is reached. If the financial situation improves, this cap may be adjusted upwards as we approach the end of GEF-4, allowing additional room for programming. Project concepts from group allocation countries will also be processed until the limit of available funds, with priority given to concepts that belong to programmatic approaches approved by Council.

Composition and objective of co-financing

24. Mitigation projects that have been financed with GEF funds during the reporting period, from September 1, 2008 to June 30, 2009, will leverage approximately \$2.1 billion in co-financing. The types of co-financing include: grants, concessional or market-rate loans, credits, equity investments, and in-kind contribution. Co-financing is provided by the governments of the recipient countries, the private sector, the GEF agencies, other multilateral and bilateral agencies, and NGOs. Co-financing can include finance for baseline activities which are essential for achieving the GEF objectives.
25. The objective of co-financing for GEF projects is to expand the resources available for project implementation, since the limited financial resources of GEF have to serve the growing demand for assistance; maximize and sustain their impacts by ensuring their success and local acceptance; and demonstrate the commitment of the beneficiaries, counterparts and agencies. GEF funding has a catalytic role to generate global environment benefits, by mobilizing resources to be committed to the project itself.
26. The major co-financiers are the GEF agencies, which provide one third of the total co-financing. More than 54 percent of GEF Agencies' contribution comes from the World Bank, mainly in the form of loans, and another 40 percent comes from ADB, again mainly in the form of loans. The other major

co-financiers are the recipient governments, which provide 30 percent of the total, and the private sector, which provides co-financing of about 24 percent of the total.

27. In the case of the LDCF, and in accordance with its mandate to finance additional costs of adaptation, the minimum co-financing ratio is 1:1 for projects ranging from \$500,000 to \$6 million, and there is no minimum co-financing requirement for projects below \$500,000. In practice, this means the LDCF projects add up adaptation components to "business-as-usual" or "baseline" development projects. In most cases, the baseline activities are met through normal development expenditures, such as government budgets, bi- and other multilateral aid, contributions from private sector or NGO resources and loans from international financial institutions, including the International Development Association (IDA). Carefully evaluated and accounted in-kind contributions can also be included as co-finance. Thus, there is no need for the eligible recipient countries to have separate cash reserves available in order to apply for LDCF grants, which has been a common misunderstanding in relation to the LDCF co-financing. The 17 NAPA implementation projects, which were approved during the reporting period under the LDCF, are expected to mobilize \$85 million in co-financing. The recipient government and bi- and multilateral aid covers 38 percent of the co-financing each, mainly in the form of grants. Another 17 percent comes from the GEF Agencies, of which half is provided in the form of soft loans by the World Bank.
28. In the case of the SCCF, the minimum co-financing request for average projects requiring between \$1 and \$5 million is of 1:3 ratio. For projects requiring less than \$1 million of SCCF funding, the minimum is of 1:1 ratio, and for projects requesting more than \$5 million, the ratio is 1:4. The nine SCCF projects, which were approved during this reporting period, are expected to mobilize \$359 million in co-financing. More than half of this co-financing comes from the GEF Agencies (54 percent), mainly in the form of loans by the World Bank and ADB. About 28 percent is covered by the recipient governments, and another 15 percent comes from bilateral aid.

Action on mitigation, adaptation and technology transfer

29. During the reporting period, the GEF allocated \$233.15 million from the Trust Fund to 71 projects in the climate change focal area. These projects will leverage approximately \$2.07 billion in co-financing. Almost one third of these projects will be implemented in Africa, and more than the half of these projects in Africa are part of the climate change component of the West Africa Program. Also more than the half of these 71 projects falls under the Energy Efficiency Strategic Programs. Also it should be noted that there is increased interest for multi-focal area projects in line with the LULUCF strategic program, as they cover almost 20 percent of the number of approved projects.
30. The GEF Secretariat submitted a report on the completion of the Strategic Priority on Adaptation (SPA) to the GEF Council in November 2008. The SPA program will be evaluated by the independent GEF Office of Evaluation. Further support for adaptation from the GEF Trust Fund will depend on future decisions of the GEF Council and evolving guidance from the UNFCCC.
31. During the reporting period, there were two meetings of the LDCF/SCCF Council. With respect to the preparation and implementation of the NAPAs under the LDCF, three additional NAPAs have been completed, seventeen were approved, and four projects have been CEO endorsed or approved during the reporting period. Also, eight full-sized and one medium-sized SCCF projects were approved during this reporting period, seven of them for Climate Change Adaptation and one for Technology Transfer.
32. On technology transfer, see paragraphs 4 to 12 in this section.

Improve access for LDCs, SIDS and Africa

33. The GEF Secretariat, in collaboration with its implementing and executing agencies, has initiated several regional and multi-country programs to help especially LDCs, SIDS, and countries in Africa to mobilize resources from the GEF and other sources to fund projects in those countries. Three such

programs merit particular mention: (1) the Pacific Alliance for Sustainability (PAS) Program; (2) the Strategic Investment Program for Sustainable Land Management in Sub-Saharan Africa; and (3) the West Africa Program.

Encourage GEF Agencies to perform their functions and follow COP guidance

34. The GEF is in close cooperation with the Agencies in order to encourage them to perform their functions in the most efficient manner, and to follow the guidance provided by the COP. Under this framework, there are regular meetings of the Climate Change Mitigation and Adaptation Task Force with the participation of representatives of the Agencies. Also, the GEF Secretariat holds meetings with the Agencies' GEF Executive Coordinators, and there are regular and ad-hoc bilateral meetings between the GEF Secretariat and the Agencies. These meetings provide the field where issues regarding the development, the preparation, and the implementation of projects are discussed. The GEF Secretariat exchanges views and opinions on operational issues with the agencies, and provides feedback and guidance in order to ensure the proper performance of their functions.

Support for National Communications

35. As of June 2009, 143 non-Annex I Parties have received GEF funding for the preparation of their NCs to the UNFCCC. This includes five Parties with full-sized projects. In this reporting period (September 1, 2008 to June 30, 2009), six Parties (Kazakhstan, Kyrgyzstan, Mauritania, Former Yugoslav Republic of Macedonia, and Uzbekistan) have submitted their Second National Communications (SNCs) to the UNFCCC. Argentina had submitted its SNC in March 2008 while Mexico submitted its Third NC in November 2006.
36. The majority of the National Communications projects are currently under implementation, at different stages of progress. Fifty Parties expect to have a draft NC report completed by end of 2009, while 32 Parties have reported that a draft report will be completed in 2010. Seven Parties would complete their national communications by 2011 and remaining 5 by 2012. Given that submission of national communications to the UNFCCC has to go through a government approval process, exact submission dates are usually not reported by Parties.
37. The past year has witnessed a continued demand for support from the National Communications Support Program (NCSP) as the implementation of the SNCs is progressing in the majority of non-Annex I Parties. The NCSP provided support which included organization of workshops on the preparation of SNCs with a focus on climate change vulnerability and adaptation assessments as well as technical review and comments to the SNC projects.

Formulating and developing project proposals identified in their national communications

38. The GEF through its agencies provides assistance to countries in formulating project proposals identified in their national communications in accordance with Article 12, paragraph 4, of the Convention and decision 5/CP.11, paragraph 2.
39. The GEF agencies work with the countries in order to identify and formulate project proposals. This active collaboration aims to secure that the proposals will be country driven and consistent with the priorities or programs of the countries, as they are identified in their national communications and other national strategy papers. The GEF agencies, through the implementation of capacity building activities, support the countries during the formulation and the development of proposals.
40. In order to submit any project proposal for approval, the GEF agencies have to ensure its consistency with the country's national priorities. The country confirms its endorsement of the proposal by providing a letter signed by the GEF Operational Focal Point. Following the proposal submission, the GEF Secretariat in order to approve it examines and confirms its linkage to national priorities or programs. All the projects that have been approved by the GEF during the reporting period have

been confirmed to correspond explicitly to the national priorities, including those identified in their national communications.

Support for the implementation of capacity building activities

41. The GEF continues to support country dialogues ensuring the clarity, transparency and timeliness in its communications with Parties of UNFCCC on changes undertaken in the GEF reform agenda. The GEF has funded several programs supporting effective and efficient implementation of the Convention through the National Dialogue Initiative (NDI), Country Support Program (CSP), and capacity building through National Capacity Self Assessment (NCSA), cross-cutting capacity building, as well as the Small Grants Program (SGP).
42. The overall objective of the GEF-funded CSP is to strengthen the capacity of GEF national focal points to support and coordinate GEF activities in their countries and constituencies. More broadly, the CSP has involved a wider range of GEF stakeholders, including national UNFCCC Convention focal points in some cases, international civil society organizations, the GEF-NGO Network, and GEF partners.
43. The CSP has three components of activities: (i) Sub-regional Workshops for GEF focal points; (ii) the online Knowledge Facility; and (iii) Direct Support Funding; and the first two of them are broadly linked to the UNFCCC.

GEF evaluation activities

44. The GEF EO presented to the Council during the reporting period (September, 2008 to June 30, 2009) the APR 2008 and the Annual Country Portfolio Evaluations Report 2009. The GEF EO also worked on follow-up activities on the International Conference on Evaluating Climate Change and Development, which took place in May 2008 in Egypt. Furthermore, the Fourth Overall Performance Study (OPS4) was finalized in September 2009.

D. Further Guidance for the Operation of the LDCF (Decision 5/CP.14)

COP 14 guidance

45. In decision 5/CP.14 on "*Further guidance for the operation of the Least Developed Countries Fund*," paragraph 1, the COP requested the GEF, as an operating entity of the financial mechanism of the Convention operating the LDCF:
 - (a) To work with its agencies to improve communication with least developed country Parties and to speed up the process through, for instance, establishing a time frame within which least developed country Parties can access funding and other support for the preparation and implementation of projects identified in national adaptation programmes of action;
 - (b) To assist, as appropriate, and in collaboration with its agencies and the Least Developed Countries Expert Group, the remaining least developed country Parties that have not submitted their national adaptation programmes of action, in completing and submitting their national adaptation programmes of action as soon as possible.
46. In decision 5/CP.14, paragraph 2, the COP also requested the Global Environment Facility, in parallel to supporting the ongoing implementation of the national adaptation programmes of action, to facilitate the implementation of the remaining elements of the least developed countries work programme.
47. In decision 5/CP.14, paragraph 3, the COP invited the Global Environment Facility to inform its agencies of relevant provisions of the Convention and decisions of the Conference of the Parties on the

operation of the LDCF, in order to allow the agencies to take these into account in fulfilling their Global Environment Facility obligations.

48. In decision 5/CP.14, paragraph 6, the COP invited the Global Environment Facility and its agencies to consider the views of, and any concerns expressed by, Parties regarding their experiences with the Global Environment Facility and its agencies in relation to the provision of financial and technical support for the preparation and implementation of national adaptation programmes of action and related elements of the least developed countries work programme, as contained in documents FCCC/SBI/2007/32, FCCC/SBI/2008/14 and FCCC/SBI/2008/MISC.8.
49. In decision 5/CP.14, paragraph 8, the COP invited the Global Environment Facility to raise awareness of the need for adequate and predictable resources under the Least Developed Countries Fund to allow full implementation of the least developed countries work programme, in particular national adaptation programmes of action.
50. In decision 5/CP.14, paragraph 11, the COP also requested the Global Environment Facility to include, in its reports to the Conference of the Parties, information on steps it has taken to implement this decision, for consideration by the Conference of the Parties at subsequent sessions.

GEF's response

51. In response to decision 5/CP.14, the GEF has been working with its agencies to improve communication with LDCs and to increase the number of projects which are submitted for CEO endorsement. The GEF is also working to facilitate the implementation of the remaining elements of the LDCF work program. The GEF is in the process of finalizing the Step-By-Step Guide to the LDCF. This Step-By-Step guide is designed to improve access to the LDCF and assist the LDCs in the project preparation and development process.



Bali, Indonesia

VII. COP 13 Guidance and GEF Responses

1. The thirteenth session of the Conference of the Parties (COP 13) was held from December 3 to 14, 2007 in Bali, Indonesia. Decisions at COP 13 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 14.⁶³ The reporting period is from September 1, 2007, to August 31, 2008.

A. Development and Transfer of Technologies under the SBSTA (Decision 3/CP.13)

COP 13 guidance

2. In decision 3/CP.13 on "*Development and transfer of technologies under the Subsidiary Body for Scientific and Technological Advice*," paragraph 2, the COP decided to adopt the set of actions, for consideration by the Expert Group on Technology Transfer in formulating its future work programmes, as set out in the recommendations for enhancing the technology transfer framework contained in annex I to this decision, and agrees that these activities would complement the actions in the technology transfer framework.
3. In decision 3/CP.13, paragraph 9, the COP requests the secretariat to facilitate the implementation of the actions for enhancing the technology transfer framework further elaborated in annex I to this decision, and of the work of the Expert Group on Technology Transfer in cooperation with Parties, the Global Environment Facility and other relevant international organizations, initiatives and intergovernmental processes.
4. In decision 3/CP.13, paragraph 10, the COP decided to request the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to provide financial support for the technology transfer framework, and complemented by the set of actions referred to in paragraph 2 above.
5. In the Annex to decision 3/CP.13 "*Recommendations for enhancing the implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention*", under section A. Technology needs and needs assessments, paragraph 8, it is stated that most of the actions described in paragraph 7 of the technology transfer framework under the theme of technology needs assessments (TNAs) have been completed as described in paragraphs 16-21 of the main part of document FCCC/SBSTA/2006/INF.4. Based on lessons learned in the implementation of this theme, the following recommendations were made to enhance the implementation of this key theme:
 - (a) To encourage non-Annex I Parties that have not yet undertaken or completed their TNAs, to do so as soon as possible, and to make these reports available to the secretariat for posting on the UNFCCC technology information clearing house (TT:CLEAR);

⁶³ GEF responses to COP 13 guidance are as of the date when the GEF report to COP 14 (FCCC/CP/2008/2/Rev.1) was compiled (November 20, 2008), unless stated otherwise. The GEF report to COP 14 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600004917>.

- (b) To encourage non-Annex I Parties to provide updated information on their technology needs in their second national communications and other national reports and to make them available to the secretariat;
- (c) To request the secretariat to prepare a synthesis report(s) of the information mentioned in paragraph 8 (a) and (b) above for consideration by the Subsidiary Body for Scientific and Technological Advice (SBSTA);
- (d) To request the Global Environment Facility (GEF) and its implementing agencies, other intergovernmental organizations (IGOs), international financial institutions (IFIs), the Climate Technology Initiative (CTI) and Parties that are in a position to do so to provide capacity-building for non-Annex I Parties to conduct, report and use TNAs;
- (e) To request that, not later than 2009:
 - i) The secretariat, in collaboration with the EGTT, UNDP, UNEP and CTI, update the handbook for conducting technology needs assessments before SBSTA 28, taking into account experience and lessons learned indicated in the synthesis report on technology needs prepared by the secretariat,⁶⁴ cross-referencing the work on innovative financing and technologies for adaptation, and widely disseminate the updated handbook to Parties through TT:CLEAR and other means in different United Nations official languages;
 - ii) The EGTT, with the assistance of the secretariat, prepare a report on good practices for conducting TNAs in collaboration with UNDP, UNEP and CTI for consideration by the SBSTA, and disseminate it to relevant stakeholders and practitioners;
 - iii) To make available the results of TNAs, related experience and lessons learned in the TNA process and share them at national and international levels through the network of technology information centres, including through the organization of workshops by the secretariat in collaboration with relevant international organizations and initiatives;
 - iv) The secretariat to provide regular updates on progress of the implementation of the results of technology needs identified in TNAs, including success stories for consideration by the SBSTA at its subsequent sessions, as appropriate;
 - v) To invite the EGTT to cooperate closely with the other expert groups constituted under the Convention, especially the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, with the aim of coordinating activities relating to TNAs and national communications.

GEF's response

6. The GEF submitted the report titled "Elaboration of a Strategic Programme to Scale up the Level of Investment in the Transfer of Environmentally Sound Technologies" (GEF/C.34/5.Rev.1) to the SB.

⁶⁴ FCCC/SBSTA/2006/INF.1.

B. Development and Transfer of Technologies under the SBI (Decision 4/CP.13)

COP 13 guidance

7. In decision 4/CP.13 on “*Development and transfer of technologies under the Subsidiary Body for Implementation*,” paragraph 3, the COP decided to request the Global Environment Facility, as an operational entity of the financial mechanism under the Convention, in consultation with interested Parties, international financial institutions, other relevant multilateral institutions and representatives of the private financial community, to elaborate a strategic programme to scale up the level of investment for technology transfer to help developing countries address their needs for environmentally sound technologies, specifically considering how such a strategic programme might be implemented along with its relationship to existing and emerging activities and initiatives regarding technology transfer and to report on its findings to the twenty-eighth session of the SBI for consideration by Parties.
8. In decision 4/CP.13, paragraph 4, the COP decided to request the Expert Group on Technology Transfer, as part of its future programme of work, to develop a set of performance indicators that could be used by the SBI to regularly monitor and evaluate the effectiveness of the implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention (the technology transfer framework), complemented with the set of actions set out in annex I to decision 3/CP.13, as referred to in paragraph 2 of that decision, considering the related work under the Convention and other relevant bodies; the results of this work should be made available to the subsidiary bodies for consideration at their thirtieth session, in order to make the final report of the Expert Group on Technology Transfer available to the Conference of the Parties at its fifteenth session.
9. In decision 4/CP.13, paragraph 10, the COP decided to the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to provide financial support to developing countries for the implementation of the technology transfer framework, and complemented by the set of actions referred to in paragraph 4 above.

GEF's response

10. See paragraph 6 in this section.

C. Fourth Review of the Financial Mechanism (Decision 6/CP.13)

COP 13 decision

11. In decision 6/CP.13 on “*Fourth review of the financial mechanism*,” paragraph 1, the COP decided to adopt the additional guidelines for the review of the financial mechanism, as contained in the annex to this decision.⁶⁵

⁶⁵ On the additional guidelines, see Annex 4 of this booklet.

D. Additional Guidance to the GEF (Decision 7/CP.13)

COP 13 guidance

12. In decision 7/CP.13 on “*Additional guidance to the GEF*,” paragraph 1, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:
- (a) To continue to take the necessary steps to enhance its country dialogues, including ensuring the clarity, transparency and timeliness in its communications with Parties on changes undertaken in the Global Environment Facility reform agenda;
 - (b) To inform the implementing/executing agencies of the Global Environment Facility of the relevant Convention provisions and decisions of the Conference of the Parties in the performance of their Global Environment Facility obligations, and to encourage them, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation;
 - (c) To continue to simplify and streamline the application of the incremental cost principle, building on its recent reforms and taking into account lessons learned on the constraints in resource mobilization by developing countries;
 - (d) To take fully into account lessons learned in the strategic priority “Piloting an Operational Approach to Adaptation”, including the application of incremental cost, to help inform on how the Global Environment Facility could best support climate adaptation activities;
 - (e) To continue to improve access to Global Environment Facility funds, as highlighted in the Third Overall Performance Study of the GEF,⁶⁶ for those countries that are particularly vulnerable to the adverse effects of climate change;
 - (f) To submit the report of the Global Environment Facility to the Conference of the Parties within a time frame that would allow Parties to the Convention to examine the report carefully prior to the start of the sessions of the COP;
 - (g) To continue to ensure that financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention;
 - (h) To take into consideration the request contained in paragraph 1 (g) above in its planned mid-term review in 2008;
 - (i) To work with its implementing agencies to continue to simplify its procedures and improve the effectiveness and efficiency of the process through which Parties not included in Annex I to the Convention (non-Annex I Parties) receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations;
 - (j) To refine, as appropriate, operational procedures to ensure the timely disbursement of funds to meet the agreed full costs incurred by those non-Annex I Parties that are in the process of preparing their third and, where appropriate, fourth national communications, in the light of paragraph 1 (g)-(i) above;

⁶⁶ “OPS3: Progressing Toward Environmental Results Third Overall Performance Study of the GEF, Executive Version, GEF, June 2005.

- (k) To assist, as appropriate, non-Annex I Parties in formulating and developing project proposals identified in their national communications in accordance with Article 12, paragraph 4, of the Convention and decision 5/CP.11, paragraph 2;
 - (l) To ensure, together with its implementing agencies, that the analysis of project proposals for the financing of second and subsequent national communications is consistent with the guidelines for the preparation of national communications from non-Annex I Parties.⁶⁷
13. In decision 7/CP.13, paragraph 2, the COP invited the Global Environment Facility:
- (a) to continue to provide information on funding for projects identified in the national communications of non-Annex Parties⁶⁸ in accordance with Article 12, paragraph 4, of the Convention and subsequently submitted and approved;
 - (b) to consider the views of, and any concerns expressed by, Parties regarding their current experiences with the GEF and its implementing agencies in relation to the provision of financial support for the preparation of national communications from non-Annex I Parties, as contained in documents FCCC/SBI/2007/MISC.13 and Add.1.
14. In decision 7/CP.13, paragraph 3, the COP requested the Global Environment Facility to include, in its regular report to the COP, information on the specific steps it has taken to implement the guidance contained in paragraphs 1 and 2 above.
15. In decision 7/CP.13, paragraph 4, the COP requested the Global Environment Facility to continue to provide, as appropriate, financial resources to developing country Parties, in particular the least developed countries and small island developing States among them, in accordance with decisions 11/CP.1, 6/CP.7, 4/CP.9 and 7/CP.10, to support the implementation of the New Delhi work programme on Article 6 of the Convention and to regularly report to the Conference of the Parties on the activities it has supported.

GEF's response

Country support programs and capacity building

16. The GEF continues to support country dialogues ensuring the clarity, transparency and timeliness in its communications with Parties of UNFCCC on changes undertaken in the GEF reform agenda. The GEF has funded several programs supporting effective and efficient implementation of the Convention through the NDI, CSP, and capacity building through NCSA, cross-cutting capacity building, as well as the SGP.

National Dialogue Initiative

17. The NDI has formed an integral component of country support activities providing a unique platform for exchange of information and enhancing cooperation between the implementing/executing agencies and other GEF partner organizations. The global objective of the NDI in GEF-4 is to provide targeted and flexible support for country-level multi-stakeholder dialogues and sharing of information and experiences, leading to action on national GEF matters, including issues linked to the UNFCCC, through strategic national priority setting and strengthened coordination and partnerships. The NDI also involves a wide range of government ministries and agencies, NGOs, communities, academic and research institutions, the private sector, as well as other partners and donors in the country.

⁶⁷ The current guidelines are contained in decision 17/CP.8.

⁶⁸ Decision 5/CP.11, paragraph 2.

18. The NDI workshops also create a unique opportunity for the GEF agencies to inform participants about provisions and decisions of the COP in the performance of their GEF obligations and to learn more about capacity and opportunities to use national experts in all aspects of project development and implementation. They have allowed diverse stakeholder groups in GEF recipient countries to:
- Inform themselves about global climate change, adaptation and Convention issues, including GEF's response to addressing these challenges;
 - Take stock of climate change mitigation and adaptation activities and results of the corresponding GEF portfolios in their countries;
 - Further define priorities for climate change mitigation and adaptation funding and develop national GEF programming strategies in these areas;
 - Strengthen national GEF coordination processes and mechanisms and inter-sectoral coordination linked to climate change issues;
 - Promote integration of the GEF in national climate change and sustainable development plans and processes.

Country Support Program

19. The overall objective of the GEF-funded CSP is to strengthen the capacity of GEF national focal points to support and coordinate GEF activities in their countries and constituencies. More broadly, the CSP has involved a wider range of GEF stakeholders, including national UNFCCC Convention focal points in some cases, international civil society organizations, the GEF-NGO Network, and GEF partners.
20. The CSP has three components of activities, two of which are broadly linked to the UNFCCC: the sub-regional workshops for GEF focal points and the online focal point knowledge facility.
21. The sub-regional workshops provide a unique opportunity for the GEF national focal points to learn about GEF funding policies and strategies related to a wide variety of issues, including climate change mitigation and adaptation, and to exchange country information, national strategies, and project experiences with their peers.
22. The online focal point knowledge facility is widely used by many countries. It provides a continuously accessible, interactive, and regularly updated information and knowledge resource for focal points and others interested in GEF matters. This knowledge facility contains wide-ranging access to information on climate change mitigation and adaptation and its link to the Convention as well as country experiences in integrating climate considerations into national development planning.

Outcomes of the national dialogues and sub-regional workshops

23. Following the guidance provided in decision 7/CP.13, the GEF has taken multiple steps to continue to enhance the NDI and Country Support Program. From September 2007 to September 2008, the GEF and its partner agencies organized a total 17 NDI meetings and sub-regional workshops. These covered a wide range of countries and regions, including LDCs and SIDS.
24. Typically, the agendas of the NDI and sub-regional workshops include sessions on GEF policies and procedures, integration of the GEF in environment and sustainable development plans and policies, enhancing GEF national coordination and priority setting, tracking portfolio results and supporting focal point roles and activities, and enhancing GEF national coordination, communications and outreach. The workshop topics in 2008 included updates on the RAF; GEF focal area strategies and adaptation funds; knowledge management and monitoring tools and resources available to focal points; new GEF project cycles; constituency coordination lessons and good practices; and civil society participation in the GEF

and Small Grants Program. Each of the workshop sessions effectively showcased individual country experiences, allowing delegations to exchange best practices.

Simplifying the application of the incremental cost principle

25. In June 2007, the GEF Council approved the Operational Guidelines for the Application of the Incremental Cost Principle,⁶⁹ which provides a simple five-step process for determining the incremental costs of a GEF project. These guidelines allow the GEF to move from calculating incremental costs quantitatively to providing qualitative incremental reasoning for a GEF project. These guidelines have significantly enhanced the transparency and efficiency of determining the incremental costs of a project throughout the project cycle, from project design to implementation, monitoring, and evaluation.

Lessons learned from SPA

26. The GEF has been financing pilot adaptation projects under the SPA since 2003, consistent with UNFCCC guidance.⁷⁰ The pilot program is close to completion, and will be evaluated by the independent GEF Office of Evaluation. It is expected that the evaluation will take into account both the lessons learned and the challenges and opportunities in developing the first adaptation portfolio. Project demand under the SPA continues to be high, in parallel with the growing adaptation portfolios under the LDCF and SCCF.

Support to vulnerable states through programmatic approaches

27. In April 2008, the GEF Council approved the application of programmatic approaches to support countries in accessing GEF funding. Using programmatic approaches, the GEF Secretariat has assisted many countries, particularly those in the group allocation category under the RAF, to plan utilization of resources available to them in a more effective and efficient manner. The programmatic approach also provides another framework for dialogue between countries, the GEF Secretariat, and the implementing and executing agencies.
28. The GEF Secretariat, in collaboration with its implementing and executing agencies, has initiated several regional and multi-country programs to help especially LDCs and SIDS to mobilize resources from the GEF and other sources to fund projects in those countries. Three such programs merit particular mention: (1) the Pacific Alliance for Sustainability Program; (2) the Strategic Investment Program for Sustainable Land Management in Sub-Saharan Africa; and (3) the West Africa Program.

Shift of GEF reporting cycle

29. In order to allow sufficient time to prepare and submit the GEF report to the COP and for Parties to review it carefully prior to the start of the sessions of the COP, starting in 2009 the cut-off date of the GEF reporting period will be shifted to June 30. In other words, the next GEF report to the COP will cover the period of September 1, 2008 to June 30, 2009. Subsequent GEF reports to the COP will cover the period of July 1 to June 30.

Provision of financial resources to meet Convention obligations

30. The RAF that was approved by the GEF Council in September 2005 began to be implemented in February 2007 when GEF-4 became effective. In the design of the RAF, each eligible country is provided with a floor of \$1 million in each of the two focal areas (climate change and biodiversity). This means that each eligible country is guaranteed \$1 million in the climate change focal area during a four-year GEF phase. Based on past experience in supporting countries with their preparation of national communications, this provision is judged to be adequate to cover the costs incurred by most countries to implement their national report preparation process.
31. Parties had called upon GEF implementing agencies to simplify procedures to improve the effectiveness and efficiency of the process through which Parties receive funding for national communications. For

⁶⁹ GEF/C.31/12.

⁷⁰ Decisions 5/CP.7 and 6/CP.7.

the Second National Communications, the GEF took a programmatic approach whereby an envelope of resources had been approved by the Council, with delegated approval authority to the implementing agencies with regard to individual country proposals. The proposals for national communications are always reviewed to ensure that they are consistent with the guidelines for the preparation of national communications from non-Annex I Parties.

32. One of the key reforms implemented under GEF-4 is the opportunity for direct consultation between a country and the GEF Secretariat in developing country programs. These dialogues, together with the Country Support Program, have enhanced the capacity of the countries to develop projects for GEF funding.

Support for National Communications

33. By 2008, 143 non-Annex I Parties have received GEF funding for the preparation of their national communications to the UNFCCC. This includes five Parties with full-sized projects and 10 Parties that are currently in the process of finalizing their project proposals for approval by the government and/or GEF implementing agencies. Two Parties have not yet requested funding for their Second National Communication. Three Parties (Argentina, Mexico, and Uruguay) have submitted their SNCs to the UNFCCC and one Party (Mexico) has submitted its Third National Communication.
34. With the exception of the 10 countries that are still preparing their project proposals, all the national communications projects are currently under implementation, which are at different stages of progress. Eighteen Parties expect to have a draft national communication report completed by end of 2008, while 65 Parties have reported that a draft report will be completed in 2009. Thirty-eight Parties would complete their national communications with the remaining reports (approximately 20 Parties) expected by 2011. Given that submission of national communications to the UNFCCC has to go through a government approval process, exact submission dates are usually not reported by Parties.

GEF evaluation activities

35. The GEF EO in its mid-term review of the RAF looked at the available funding for enabling activities, which was the modality used for funding National Communications.
36. The GEF EO completed several assessments (Annual Performance Report and Country Portfolio Evaluations) that were already presented to the GEF Council in April 2008 and that were to be presented to the Council in November 2008. Furthermore, work had started on OPS4 of the GEF, which was planned to lead to a report to the replenishment process in August 2009.

E. Amended New Delhi work programme on Article 6 of the Convention (Decision 9/CP.13)

COP 13 decision

37. In decision 9/CP.13 on "Amended New Delhi work programme on Article 6 of the Convention," paragraph 5, the COP requested the Global Environment Facility to continue to provide, as appropriate, financial resources to Parties not included in Annex I to the Convention (non-Annex I Parties), in particular the least developed countries and small island developing States among them, in accordance with decisions 11/CP.1, 6/CP.7, 4/CP.9 and 7/CP.10, to support the implementation of the work programme and to regularly report to the Conference of the Parties on the activities it has supported.

GEF's response

38. Through the regular programming of the GEF resource are made available to support activities related to Article 6 including the Amended New Delhi work program.



Nairobi, Kenya

VIII. COP 12 Guidance and GEF Responses

1. The twelfth session of the Conference of the Parties (COP 12) was held from November 6 to 17, 2006 in Nairobi, Kenya. Decisions at COP 12 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 13.⁷¹ The reporting period is from September 1, 2006, to August 31, 2007.

A. Further Guidance for the Operation of the SCCF (Decision 1/CP.12)

COP 12 guidance

2. In decision 1/CP.12 on "*Further guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Special Climate Change Fund*," paragraph 1, the COP decided that the SCCF shall be used to finance activities, programmes and measures relating to climate change in the areas set out in decision 7/CP.7, paragraph 2 (c), that are complementary to those funded by the resources allocated to the climate change focal area of the GEF and by bilateral and multilateral funding, particularly in the following priority areas:
 - (a) Energy efficiency, energy savings, renewable energy and less-greenhouse-gas-emitting advanced fossil-fuel technologies;
 - (b) Innovation including through research and development relating to energy efficiency and savings in the transport and industry sectors;
 - (c) Climate-friendly agricultural technologies and practices, including traditional agricultural methods;
 - (d) Afforestation, reforestation and use of marginal land;
 - (e) Solid and liquid waste management for the recovery of methane.
3. In decision 1/CP.12, paragraph 2, the COP decided that the Special Climate Change Fund shall be used to finance activities, programmes and measures relating to climate change in the areas set out in decision 7/CP.7, paragraph 2 (d), that are complementary to those funded by the resources allocated to the climate change focal area of the GEF and by other bilateral and multilateral funding initially in the following areas:
 - (a) Capacity-building at the national level in the areas of:
 - (i) Economic diversification;
 - (ii) Energy efficiency in countries whose economies are highly dependent on consumption of fossil fuels and associated energy-intensive products;

⁷¹ GEF responses to COP 12 guidance are as of the date when the GEF report to COP 13 (FCCC/CP/2007/3) was compiled (November 19, 2007), unless stated otherwise. The GEF report to COP 13 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600004395>.

- (b) Support through technical assistance the creation of favourable conditions for investment in sectors where such investment could contribute to economic diversification;
 - (c) Support through technical assistance the diffusion and transfer of less-greenhouse-gas emitting advanced fossil-fuel technologies;
 - (d) Support through technical assistance innovative national advanced fuel technologies;
 - (e) Support through technical assistance the promotion of investments in less-greenhouse gas-emitting, environmentally sound energy sources, including natural gas, according to the national circumstances of Parties.
4. In decision 1/CP.12, paragraph 4, the COP decides that the operational principles and criteria of the Special Climate Change Fund and the manner in which they are carried out in the operation of the Special Climate Change Fund will apply only to Global Environment Facility activities financed under the Special Climate Change Fund.
 5. In decision 1/CP.12, paragraph 5, the COP requested the entity entrusted with the operation of the Special Climate Change Fund to continue to adhere strictly to the decisions of the Conference of the Parties in the operationalization of the Special Climate Change Fund.
 6. In decision 1/CP.12, paragraph 6, the COP requested the entity entrusted with the operation of the Special Climate Change Fund to continue its efforts to mobilize resources, in addition to those already pledged, to support the funding of eligible project activities under the Special Climate Change Fund.
 7. In decision 1/CP.12, paragraph 7, the COP requested the entity referred to in paragraph 6 above to include in its report to COP 13, the specific steps it has undertaken to implement this decision

GEF's response

Efforts to implement programs (c) and (d) of the SCCF

8. In response to additional guidance provided at COP 12 (decision 1/CP.12), the GEF has taken steps to operationalize the "windows" 2 (c) and 2 (d) of decision 7/CP.7, i.e. energy, transport, industry, agriculture, forestry and waste management; and activities to assist developing country Parties referred to under Article 4, paragraph 8(h), in diversifying their economies.
9. The GEF Trust Fund finances activities related to energy and transport (a and b) under its regular programming for energy efficiency, renewable energy and sustainable transport in the climate change focal area. In the areas of agriculture and forestry (subparagraph (c) and (d)), the GEF has provided some funding through the biodiversity and land degradation focal areas, so care must be exercised in defining activities in these sectors. Finally with respect to waste management, past GEF programming has focused on the recovery and utilization of methane through the programming window for short-term response measures (STRM) and the renewable energy programming. Because all of these sectors have received some GEF support in the past, developing a complementary niche for funding between the activities to be supported under this program and those supported under the GEF Trust Fund poses a particular challenge. Consistent with this challenge, activities under this program of the SCCF will be used for technical assistance, capacity building and piloting specific activities consistent with the guidance that are not currently eligible for support under the GEF Trust Fund.
10. In this context, it was decided at the GEF Council Meeting in June 2007 that the initial attention under this sectoral mitigation program of the SCCF should support programs not currently being supported under the GEF Trust Fund but that relate the following priorities:

- Low GHG emitting advanced fossil fuel technologies: Under this initiative, the SCCF would fund capacity building and technical assistance work on advanced fossil-fuel energy generating technologies (such as integrated gasification combined cycle - IGCC, underground coal combustion, ultra-supercritical coal-fired generation) and complementary activities designed to reduce their GHG emissions (such as carbon capture and storage);
 - Innovation in industrial energy efficiency and sustainable transport: In this area, targeted research and capacity building would be supported to deal with the identification of new, innovative approaches to energy efficiency in specified industries, new approaches to sustainable transport, and the formulation of sector-wide mitigation programs as relates to these two areas; and
 - Climate-friendly agriculture: Under this topic, support would be provided to technical assistance, capacity building and piloting of low-GHG emitting agricultural technologies such as no-till and low-till agriculture (provided that chemicals safeguards are observed); alternatives reducing the agricultural emissions of N₂O; and alternatives to traditional low-input agriculture that would decrease their overall GHG emissions.
11. All projects under this program of the SCCF will include a succinct statement of objectives; linkages to current GEF programming priorities; an explanation of the distinctness of the approach adopted from what might be eligible under GEF financing with current programming priorities; an assessment of country-specific need and relevance; a justification for the choice of agencies; and an assessment of the implications of the supported proposal for future GEF programming, carbon financing, including under the Kyoto Protocol, and other forms of potential future support to climate change mitigation activities.
 12. For the program for economic diversification (2 (d) of decision 7/CP.7), given the long-term perspective and the complexity in shifting a country's economic structure, the role of this program under the SCCF should be viewed as catalytic to facilitate other processes, mechanisms and actions for economic diversification.
 13. In accordance with the convention guidance, the program for economic diversification will initially target two groups of countries: (1) those whose economies are highly vulnerable due to their heavy reliance on the importation of fossil fuels; and (2) those whose economies are highly dependent on income from the export of fossil fuels.
 14. Eligible activities in the program for economic diversification will include technical assistance and capacity building in the following areas:
 - (a) Assessment of vulnerability due to dependency on fossil fuels and the development of national strategies, economic and industrial development policies, including legal and regulatory frameworks aimed at economic diversification to reduce dependency on fossil-fuel production, export and consumption;
 - (b) Facilitation of the flow of public sector investments and creation of favorable conditions for private sector investments leading to economic diversification to reduce fossil-fuel dependency;
 - (c) Preparation of pre-feasibility studies, business plans, and integrated strategic planning to facilitate the process and the implementation of the national and sector-specific economic diversification strategies and measures; and
 - (d) Promotion of diffusion and transfer of advanced, innovative and less-greenhouse-gas-emitting fossil-fuel and alternative technologies.
 15. In October 2007, the GEF Council approved by mail the document entitled "Programming to Implement the Guidance for the Special Climate Change Fund Adopted by the COP to the UNFCCC at its 12th Session."⁷²

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B. Review of the Financial Mechanism (Decision 2/CP.12)

COP 12 guidance

16. In decision 2/CP.12 on “Review of the financial mechanism,” paragraph 1, the COP requested the GEF:
 - (a) To give due priority to adaptation activities in accordance with the guidance provided by the COP;
 - (b) To strengthen work on awareness-raising on Global Environment Facility programmes and procedures in order to assist developing countries to access Global Environment Facility funds;
 - (c) To explore options for undertaking land use and land-use change projects within the climate change focal area of the GEF, in light of past experience;
 - (d) To continue its promotion of energy efficiency projects.
17. In decision 2/CP.12, paragraph 2, the COP further requested the Global Environment Facility to recognize and respond to the challenges faced by small island developing States and least developed countries in accessing GEF funding highlighted in the third overall performance study of the Global Environment Facility;⁷³
18. In decision 2/CP.12, paragraph 3, the COP requested the Global Environment Facility to report to the Conference of the Parties at its thirteenth session on:
 - (a) Its response to the recommendations of the third overall performance study of the Global Environment Facility;
 - (b) How it has taken into consideration the recommendations of the third review of the financial mechanism;
 - (c) Its response to the findings of the report on project cycle management by the Global Environment Facility Evaluation Office;
 - (d) Efforts to engage the private sector in providing resources to address climate change;
 - (e) Steps taken to strengthen work on awareness-raising on Global Environment Facility programmes and procedures in order to assist developing countries to access Global Environment Facility funds;
 - (f) How it has recognized and responded to the challenges faced by least developed countries and small island developing States, as referred to in paragraph 2 above;
 - (g) Steps taken to assist developing countries to formulate project proposals.
19. In decision 2/CP.12, paragraph 4, the COP invited the Global Environment Facility, in light of the third overall performance study of the Global Environment Facility, to review the overall strategic coherence of, and revise, as necessary, its climate change focal area operational programmes in the light of findings and recommendations of the third overall performance study of the Global Environment Facility.

⁷³ GEF and ICF Consulting, 2005. OPS3: Progressing Toward Environmental Results. Third overall performance study of the GEF. Office of Monitoring Evaluation of the GEF, Washington.

GEF's response

Adaptation activities

20. In response to COP guidance, the GEF has introduced several innovative initiatives relating to adaptation to climate change, including the SPA under the Trust Fund, which addresses the adverse impacts of climate change through adaptation actions aimed at decreasing vulnerability and increasing adaptive capacity of countries, communities and their ecosystems. Moreover, a climate change impact assessment methodology is being developed for application to all projects supported by GEF, to be followed by a systematic integration of adaptation measures to decrease vulnerability and increase adaptive capacity.
21. Through the SPA, the GEF has prioritized \$50 million from the Trust Fund to the implementation of on-the-ground adaptation measures. As of August 31, 2007, \$29.6 million had been committed to a total of 12 projects, with a further \$119 million being leveraged in co-financing. Many more proposals are in the pipeline, and it is expected that the SPA portfolio under the current financing window will be completed at the latest by June 2008. The present portfolio under the SPA is quite diverse in terms of both regions and focal areas covered. Fourteen percent of the project funding is in Asia, 33 percent in Latin America and the Caribbean, 28 percent in Africa, 4 percent in Eastern and Central Europe, and 21 percent are global projects. By focal area, 43 percent of the projects are related to biodiversity, 23 percent land degradation, 11 percent international waters, 2 percent climate change mitigation, and 21 percent are cross-sectoral projects. At the completion the SPA will be evaluated, by the GEF Council, which will consider further action, consistent with COP guidance.
22. Outside of the Trust Fund, the current reporting period saw a dramatic increase in GEF funding to adaptation activities from both the LDCF and the SCCF. As discussed earlier, total funding mobilized for adaptation under the LDCF is \$163 million, and under the SCCF is \$60 million for adaptation projects. Projects funded under the SCCF reached \$25 million during this 12-month period, compared with merely \$1 million for one project prior to this. Furthermore, the GEF has maintained an active pipeline of adaptation projects under the SCCF that will be funded when they are fully prepared. Further expansion of the adaptation portfolio under the SCCF will depend upon its replenishment.

Awareness-raising on GEF programs and procedures

23. The GEF has put a variety of mechanisms in place to support recipient countries in their engagement with the GEF including sub-regional workshops, the National Dialogue Initiative, the Country Support Program, and the Council Member Support Program. The significant changes brought forth by the RAF as well as new policy and process reforms introduced in 2006 to streamline and enhance the effectiveness of GEF programming have necessitated direct dialogues between recipient countries and the GEF Secretariat.
24. The GEF initiated direct dialogues with recipient countries to ensure that GEF 4 resources are programmed in accordance with: (i) the strategic directions as outlined in the GEF 4 focal area strategies; (ii) country priorities emerging from national sustainable development programs and global environmental commitments; and (iii) the comparative advantage of the GEF agencies. These direct dialogues have not only provided recipient countries with a significant new mechanism for understanding the implementation of the RAF but also have opened up channels of direct communications capable of responding to additional recipient country concerns as they emerge. The Secretariat completed the initial round of consultations with eligible recipient countries over the six month period beginning October 19, 2006 and ending April 25, 2007.
25. In October 2006, the Secretariat established a system to initiate direct dialogues with all countries eligible under the RAF. Countries that had sent a prioritized list of proposals for financing from their respective allocations prior to September 15, 2006 were contacted first. The Secretariat sent notifications to country Operational Focal Points, inviting them to participate in a teleconference with a technical team from

the Secretariat at a mutually convenient time. Focal Points were also asked to invite colleagues from the convention focal points, line ministries and other relevant national stakeholders for the teleconferences.

26. Subsequent to their participation in the teleconference, a number of countries have followed up by holding additional national discussions and consultations subsequent to which they advised the Secretariat of changes in their programming approach or priorities. In these instances, when necessary, the appropriate technical representatives of the Secretariat teams have held follow up discussions with the country. Additionally, the Secretariat has advised the country to work with a GEF Agency to develop the concepts in line with the GEF focal area strategy, to consider agency comparative advantage and to submit it to the Secretariat for review and approval.
27. The direct dialogues between recipient countries and the GEF Secretariat have opened a significant new avenue for GEF's strategic engagement with countries. The Secretariat has successfully completed the initial round of direct dialogues with recipient countries. A total of 129 countries were called during this six-month effort.
28. This new engagement has generally been well received by recipient countries who have expressed appreciation for them. It has been particularly well received by countries with limited national capacities and by countries with limited or no prior engagement with the GEF. Countries have also appreciated their ability to directly discuss and reach an understanding about specific projects that have been rejected or considered inappropriate for GEF funding instead of waiting for an intermediated response through the Agencies.
29. The initial set of dialogues has clearly highlighted the need for strengthening the country relations and communications aspects of the GEF Secretariat to enhance its effectiveness and efficiency in delivering results for countries.
30. In addition to the direct dialogue with countries, the GEF has also discussed programming issues with select countries at seven national dialogue initiative consultations, and 15 constituency meetings. The GEF has also held bilateral discussions with countries at the margins of the GEF Council meetings, meetings of Convention bodies, and other meetings, such as the African Ministerial Conference on the Environment (AMCEN) on the GEF Strategic Investment Program for Sustainable Land Management in Sub-Saharan Africa, held in Burkina Faso on April 24-25, 2007.
31. During the reporting period, sub-Regional Workshops were held in Turkey for the Eastern and Central Europe Region, in Thailand for the East and Central Asian region, in Nairobi for the Eastern and Southern Africa Region, and in Senegal for the West and Central Africa region. Additional Sub-Regional Workshops have also been held for Latin America, Caribbean and the Pacific. A sub-regional workshop is scheduled for the South Asia and Middle East and North Africa before the end of calendar year 2007. The issues discussed at each Sub-Regional Workshop are determined based on the feedback from countries in prior sub-regional workshops. Unlike the sub-regional workshops in 2006 which were highly dominated by discussions on the RAF, the workshops in 2007 have discussed the RAF in the context of a broader set of GEF policies and processes such as the revised focal strategy and the project cycle.
32. Details of the CSP and summaries of the Sub-Regional Consultations can be found at www.gefcountrysupport.org/report. The CSP has developed a web-based dynamic and interactive Knowledge Facility for GEF Focal Points. The CSP also supports twice yearly constituency meetings at which the GEF Secretariat and the GEF Agencies provide information to raise awareness on GEF programs and procedures, respond to country concerns, and help countries access GEF funding.

Land use and land-use change projects

33. Decision 2/CP.12 requested the GEF "to explore options for undertaking land use and land-use change projects within the climate change focal area of the GEF, in light of past experience". Past GEF programming has included support in the biodiversity focal area to protect terrestrial ecosystems with

globally significant biodiversity and in the land degradation focal area to protect land resources from degradation. During GEF-3, support was provided to over 20 million hectares of protected areas in the biodiversity focal area. Since its inception in 1991, it is estimated that GEF has provided support to over 70m ha in protected areas in its recipient countries. During GEF-3, it is estimated that at least 98m ha in productive land and seascapes were also included in programs to mainstream biodiversity. In the land degradation focal area, GEF-3 funding contributed to the direct protection of 19.2m ha from land degradation, and another 27.8m ha were indirectly influenced. Unfortunately, no reliable estimate of the number of tons of carbon protected or sequestered from the above activities exists. However, it is clear from the above estimates that GEF has been a major actor already in trying to protect land, including forests, from degradation due to improper management.

34. Through the GEF-4 strategy revision process, new strategic program called “Management of Land Use, Land-use Change and Forestry (LULUCF) as a Means to Protect Carbon Stocks and Reduce GHG Emissions” has been opened for GEF programming. Successful outcomes of this strategic program will be the reduction of GHG emissions from LULUCF, the development of a systematic methodology that can be used to measure carbon stocks and fluxes in the land-use systems accurately and cost-effectively, and the identification and implementation of policies and practices that reduce emissions from the LULUCF sector. This strategic program also features in the GEF’s crosscutting SFM program.
35. The cornerstone of this program will be a global initiative to refine a methodology for estimating avoided GHG emissions as a result of GEF-supported project activities. Building upon the Intergovernmental Panel on Climate Change (IPCC) Good Practice Guidance for measuring carbon stocks and emissions, the tools to be developed under this program will link forest stand and measurement data to satellite imagery to enable better system-wide tracking and monitoring of progress to reduce emissions from undesirable land-use changes. In addition to resources being devoted from the biodiversity and climate change regional-global allocations and land degradation focal area, countries interested in participating may allocate GEF resources from the climate change focal area towards developing their own calibration coefficients using local data and globally-available remote sensing information. A second area of support includes technical assistance for policy formulation, building institutional and technical capacity to implement strategies and policies, developing and testing policy frameworks to slow the drivers of undesirable land-use changes, and working with local communities to develop alternative livelihood methods to reduce emissions and sequester carbon. In cases where the required forest stand data exists and the drivers of land-use changes are well understood, countries may utilize GEF-4 resources to pilot investment projects designed to reduce net emissions from LULUCF.

Energy efficiency projects

36. The revised GEF-4 programming strategy places increased emphasis on enhancing energy efficiency as a means to reduce GHG emissions. The focal area strategy has identified buildings energy efficiency and industrial energy efficiency as two key strategic programs in the climate change focal area during GEF-4. Through this approach, it is expected that GEF support to energy efficiency will increase in importance over time.
37. Funding for energy efficiency projects during the reporting period continued to be strong. Four out of the 10 climate change projects funded under the GEF Trust Fund were energy efficiency projects. These projects will be undertaken in the key countries and regions where there is tremendous potential and demand for energy efficiency improvements:
 - Brazil: Market Transformation for Energy Efficiency in Buildings;
 - China: Energy Efficiency Financing;
 - Southeast and East Asia: Barrier Removal to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling; and
 - India: Energy Conservation in Small Sector Tea Processing Units in South India.

38. Together these energy efficiency projects accounted for more than 43 percent of the allocations from the Trust Fund during the reporting, for a total amount of \$35.1 million. Many more energy efficiency projects are expected to enter the GEF pipeline for approval for the remainder of GEF-4.

Support for SIDS and LDCs

39. Responding to COP guidance for strengthening support to SIDS, the GEF initiated a programmatic approach for the SIDS starting with the 15 countries in the Pacific region. The Pacific Alliance for Sustainability will achieve three things for the region:
- Provide on-the-ground solutions for adapting to the impacts of climate change;
 - Significantly increase the resources provided directly to the countries by the GEF; and
 - Put the governments in the driving seat of all activities funded by the GEF.
40. This programmatic approach in the Pacific replaces the small and isolated projects with comprehensive and long-term programmatic solutions, lessening the administrative burden on the national governments and increasing effectiveness. The Pacific Alliance will also include in its fold the GEF Small Grants Program, which would be available to all the Pacific countries by the end of 2007.
41. This programmatic support would fully respond to the guidance provided by COP besides being in line with the Mauritius Declaration as well as the regional strategies already in existence. A comprehensive program was considered necessary to meet the complex challenge of strengthening the resilience of people to increases in cyclones, flooding, droughts and sea level rise.
42. Samoa and Kiribati have already undertaken such an integrated approach through their projects funded out of the GEF window on adaptation. The Samoa Government is initiating a comprehensive adaptation approach that would touch on improving their health sector, launch pilot projects in agriculture and improve early warning systems. All this has been possible because of launching a multi-focal project that is well integrated to increase the country's adaptation strategy. Any sectoral project would not have made much dent on dealing with the impacts of climate change in SIDS.
43. There are two other initiatives that are good examples of the programmatic approach as it increases the economic and ecological resilience to climate change in the Pacific SIDS. They stand as examples of how sustainable development priorities can be practically integrated with global environmental objectives:
44. First is the "*Micronesia Challenge*": Through the Challenge, three Pacific countries agreed to conserve 30% of the near shore marine resources and 20% of forest resources by 2020. They made a political commitment and then agreed to look at the issue of sustainable financing. The different activities of the three participating countries were identified and Palau led by considering a fee on tourists that can provide sustained funding every year for the management of marine and forest resources of the country. This converted the project into a long-term program that will continue after GEF and other external funding runs out.
45. Furthermore, two NGOs, Conservation International and Nature Conservancy agreed to match the GEF grant with the added promise of contributions from bilateral donors as well. In brief a successful story of attracting sustainable financing for a long-term plan that helps the country and adapts to climate change.
46. Second example is the "*Coral Triangle Initiative*": This is a similar idea being considered by other Pacific countries in partnership with East Asian countries. The project aims to conserve tuna and coral ecosystems while including elements for poverty alleviation. The 1.6 billion acre Coral Triangle supports commercial tuna species, which spawn there and migrate to the Indian and Pacific Oceans where 90%

of the world's catch occurs. This project aims to limit habitat destruction and over-fishing through a marine protected area network. It will promote sustainable live reef fish trade, sustainable tuna fisheries, ecological tourism and strengthens resilience to climate change.

47. The importance of this project lies in the agreement reached by countries to explore improved trade regime. This new trade regime will enable the industry to internalize the social and ecological costs of tuna management in this region and thus make the project benefits sustainable. WWF and the Asian Development Bank are considering to co-finance the project.
48. *Increase in GEF funding:* To date GEF provided approximately \$86 million to 14 of the Pacific region's countries in the past 15 years for biodiversity, climate change and persistent organic pollutants. The Pacific Alliance for Sustainability will increase funding six-times on an annual basis, reaching \$100 million in GEF-4. In addition, the programmatic approach is also expected to significantly increase the co-financing for GEF funded activities making a noticeable dent in its programs for adapting to climate change.
49. *Countries in the driving seat:* The other benefit of the pre-determined resource allocation framework is to enable countries to be in the driving seat of GEF funded projects. This start has already been made. For the first time in GEF, Governments have internally discussed and determined their national priorities in advance for the future.
50. The attraction of this approach has already convinced other small island countries, from the Caribbean who are considering having a similar approach.
51. *Support by GEF agencies:* The Alliance is a partnership among the GEF agencies, regional organizations and international NGOs who will assist Governments in a coordinated manner in projects that are implemented nationally.
52. The World Bank is taking the lead in putting this program together using its vast experience in projects related to development, economic growth and its operational capacity to link this knowledge with achieving environmental conservation. The role of the World Bank is limited to work with countries in preparing the investment program. Governments will thereafter retain the choice of using other GEF agencies in the implementation of actual projects that form part of this program.
53. In addition to the support of GEF agencies a full-time GEF advisor has been located in the region to assist the countries improve their access to GEF resources. The Governments of Australia and New Zealand are financing this staff position located at the Secretariat of the Pacific Regional Environment Programme (SPREP).

Response to recommendations of OPS3 and the third review of the financial mechanism

54. The recommendations of OPS3 were responded to by the GEF Council in the GEF-4 Replenishment document.⁷⁴ Under the guidance of the GEF CEO, the GEF Secretariat and agencies are involved in the process of responding to all of those recommendations through the GEF reform process. The six key recommendations are listed below, together with brief description of the actions being taken to respond to the recommendation. The recommendations and the responses are:
 - (a) *Programming Directions (synergies among focal areas and linkages between environment and development):* The revised GEF-4 strategy already includes attempts to create synergies and pays greater attention to environment and development. In addition, the strategy includes a cross-cutting program entitled "Sustainable Forest Management", which includes objectives responding to the various focal areas in which the GEF works, and enables countries to use resources from climate change, biodiversity or land degradation to pursue the objective of making their forests sustainable.

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- (b) Strategies and Policies (revisions of the focal area strategies, private sector, and incremental costs): The focal area strategies have all been reformulated; the public-private partnership initiative launched; and the approach to incremental costs has been simplified.
- (c) Institutional Reforms (Resource Allocation Framework and Expanded Opportunities for Executing Agencies): The resource allocation framework is being applied in the climate change focal area. The “playing field” has been leveled between implementing and executing agencies—all now receive the same fees for their services and all may assist countries in GEF programming in their areas of comparative advantage.
- (d) Managing for results (capacity building, results indicators, and country indicators): In June 2007, the GEF Council approved a results-based management for oversight of the entire GEF portfolio.⁷⁵ The primary indicators to track project and portfolio progress toward achieving stated objectives are those that were developed in the focal area strategy revision process. The Secretariat will further develop the results-based management system and its application to all areas of GEF endeavour in the coming year.
- (e) Operational Reforms (project cycle streamlining, pipeline management, fiduciary responsibility, communications and transparency, lesson learning and dissemination, budget reform, and institutional effectiveness): The GEF project cycle has been simplified and streamlined. All agencies are being required to meet the highest international fiduciary standards.⁷⁶ The communications strategy has been proposed for consideration by the GEF Council in November 2007, and the GEF budget is being reformed and reviewed. The Implementing Agencies are no longer receiving support directly from the GEF Corporate Budget.
- (f) Monitoring and Evaluation (quality of M&E systems, compliance with M&E requirements, and performance and outcomes matrix). The GEF Office of Evaluation has now established standards for project monitoring systems and projects are continually reviewed for meeting this criteria at the time of CEO Endorsement.

Simplification of GEF project procedures and process

- 55. Streamlining GEF project procedures and process is one of the key elements of the reform agenda initiated by the CEO. To this end, a new project cycle was introduced and approved by the GEF Council in June 2007, with the objective of processing a proposal from identification to start of implementation in less than 22 months without compromising project quality or undermining financial accountability.
- 56. The new project cycles consists of the following steps, involving the GEF Secretariat, the CEO, and the GEF Council in the project cycles of the Implementing and Executing Agencies:
 - (a) Council approval of the work program, consisting of project concepts (PIFs) cleared by the CEO;
 - (b) CEO endorsement following Council review of fully prepared projects; and
 - (c) Secretariat monitoring of portfolio performance during implementation, and evaluation oversight of the GEF Evaluation Office.
- 57. The GEF will establish a target for average elapsed time of 22 months from Project Identification Form (PIF) approval to endorsement by the CEO. Besides reducing the number of steps in the project cycle, the revised cycle aims to reduce the documentation requirements by sharply focusing the Secretariat reviews of the PIFS and the project document on those criteria that are critical to achieving the objectives for which a GEF grant is provided.⁷⁷

⁷⁵ GEF/C.31/11.

⁷⁶ GEF/C.31/6.

⁷⁷ The GEF Project Cycle document can be found on the GEF website at: <http://thegef.org/interior_right.aspx?id=17634>

Efforts to engage the private sector

58. In June 2007, the GEF Council endorsed the GEF Public Private Partnership (PPP) Initiative⁷⁸. The objective of the PPP is to facilitate strategic engagement of the private sector in the GEF's efforts to address global environmental challenges in developing countries. Partnership with the private sector will contribute to the achievement of results on a larger scale than would be obtainable by the GEF on its own. The PPP will support a strategic investment program in competitive environmental technological and financial solutions and the scaling-up of the use of pilot instruments. Sectoral platforms related to GEF focal areas and priorities will be developed and implemented.
59. The PPP will have a separate governance structure that will include a PPP Board and Platform Steering Committees Consisting of GEF Council members and private sector, foundation, and NGO representatives, and will be chaired by the GEF CEO. The GEF has allocated \$50 million seed money to the PPP Trust Fund, which is expected to leverage \$200 million in co-financing from GEF agencies, bilateral organizations, the private sector, foundations, and NGOs.
60. The PPP launches with two innovative strategic tools to generate capital and direct investment for environmental solutions, i.e., a Financial Product Development tool and a Capital for Prizes tool. PPP platforms will be identified that will aim to provide an innovative and strategic approach to a specific global environmental challenge on which the GEF and the private sector agree to collaborate. The platforms are also intended to support technology and capital transfer to developing countries.

C. Additional Guidance to the GEF (Decision 3/CP.12)

COP 12 guidance

61. In decision 3/CP.12 on "Additional guidance to the GEF," paragraph 1, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:
- (a) To further simplify its procedures and improve the efficiency of the process through which developing country Parties receive funding for projects for the implementation of their commitments under Article 4, paragraph 1, of the Convention;
 - (b) To explore options to address concerns of developing country Parties on requirements for leveraging additional funds for projects;
 - (c) To give a detailed report on the resources available to each developing country Party in the initial implementation of the resource allocation framework, including a list of activities funded with these resources during this initial period in the climate change focal area;
 - (d) To continue to provide financial support for the implementation of the technology transfer contained in the annex to decision 4/CP.7, including new sub-themes,¹ through its climate change focal area and the Special Climate Change Fund established under decision 7/CP.7;
 - (e) To provide financing to Parties not included in Annex I to the Convention that received the top-up fund but did not conduct their technology needs assessments, to enable these Parties to conduct their technology needs assessments as part of their second national communications, and to provide these funds to Parties not included in Annex I to the Convention that have conducted their technology needs assessments but need to update them, also as part of their second

78 Available at: <<http://thegef.org/interior.aspx?id=17160>>.

national communications, in addition to the amount approved for the preparation of their second national communications.

62. In decision 3/CP.12, paragraph 2, the COP invited the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:
- (a) To further simplify its procedures and improve the efficiency of the process by which Parties not included in Annex I to the Convention receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations;
 - (b) To provide updated information on the operational procedures for the expedited financing of national communications from Parties not included in Annex I to the Convention, for consideration by the Subsidiary Body for Implementation at its twenty-sixth session;
 - (c) When providing support for technology needs assessments, in accordance with decisions 4/CP.9 and 5/CP.9, to take into account actions to address barriers and constraints as well as the creation of enabling environments and capacity gaps, identified by the Parties not included in Annex I to the Convention and as contained in document FCCC/SBSTA/2006/INF.1;
 - (d) To produce simple guidelines on how to enhance activities relating to Article 6 in project proposals when applying for Global Environment Facility funding.
63. In decision 3/CP.12, paragraph 3, the COP urged the Global Environment Facility to provide further funding, in a more timely manner, to the developing country Parties, in particular the least developed countries and small island developing States, to allow these countries to implement activities relating to Article 6 and the New Delhi work programme.
64. In decision 3/CP.12, paragraph 4, the COP requested the Global Environment Facility to include, in its regular report to the Conference of the Parties, information on the specific steps it has taken to implement guidance contained in paragraphs 1 and 2 above.

GEF's response

Requirements for leveraging additional funds for projects

65. As set out in the GEF Instrument, the GEF "(...) shall operate for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits." The application of incremental cost has been recognized as complex and not always transparent by the GEF Council, the Secretariat, the agencies, as well as project proponents, governments, and NGOs. To address these concerns, the GEF has developed a new pragmatic, and simplified approach for determining increment costs as part of the GEF-4 Reform Process.
66. The proposed approach consists of five steps that simplify the process of negotiating incremental costs, clarifies definitions, and links incremental cost analysis to results-based management and the GEF project cycle. These five steps are: (i) Determine the environmental problems, threat, or barrier, and the "business-as-usual" scenario; (ii) Identify the global environmental benefits and fit with GEF strategic programs and priorities lined to the GEF focal area; (iii) Develop the results framework of the intervention; (iv) Provide the incremental reasoning and GEF's role; and (v) Negotiate the role of co-financing.
67. The Operational Guidelines for the Application of the Incremental Cost Principle is available on the GEF website at: http://thegef.org/interior_right.aspx?id=17634.

68. One of the key operational principles for GEF assistance, as outlined in the GEF Operational Strategy, is that the GEF will emphasize its catalytic role in seeking to maximize global environmental benefits and leverage additional financing from other sources. The GEF will finance actions that have a multiplier effect and address the need for innovation, experimentation, demonstration, and replication. Adequate co-financing is important to ensure success of the project and to deliver the full benefits – both global and local – of the projects.
69. It should be noted that the GEF, especially in the climate change focal area, has adopted a flexible, pragmatic approach to co-financing requirements. The amount of co-financing requirement depends on the type of the project and the circumstances of the country where the project will be undertaken. For example, if a project aims to establish a labeling program for energy-efficient appliances, commitment from the policymakers in the country is most critical, while co-financing can be largely in-kind, associated with program design and implementation. On the other hand, if a project aims to support large-scale development in renewable energy, GEF funding for such a project must be complemented by substantive co-financing for investment, and GEF support will target technical assistance and limited demonstration where appropriate. Co-financing from the government, financial institutions, and the private sector will be essential to deliver tangible results of such a project.

Report on resource availability under the Resource Allocation Framework

70. The GEF has published, and periodically updates, information on the availability and utilization of the RAF resources to each country. The initial GEF-4 indicative allocations are made available in the RAF public disclosure document entitled GEF Resource Allocation Framework: Indicative Resource Allocations for GEF-4, dated September 15, 2006. These resource allocations will be updated at the mid-point of GEF-4, beginning in July 2008, consistent with any recommendations being made from the mid-term review of the RAF.
71. As of October 15, 2007, a total of \$95.6 million of RAF resources in the climate change focal area had been allocated and \$120 million pipelined, leaving approximately \$733 million still to be programmed. Details for each country can be found in the GEF Council document.⁷⁹

Technology transfer

72. The GEF continues to provide support to countries wishing to undertake TNAs. For countries that have never received support for such activities, they are free to apply for such support through the National Communications Programme for Climate Change (NCPCC). For those countries having already received support for TNAs but who wish to update it, a separate proposal consistent with the guidelines and methodology for TNAs will have to be prepared and submitted to the GEF Secretariat and Agencies for approval.
73. GEF continues to support projects providing technology transfer through resources provided to mitigation and adaptation projects supported under the GEF Trust Fund and programming strategy. In addition, it is working closely with its agencies, particularly UNEP, to prepare a new program to facilitate technology transfer using resources made available to the SCCF Program (b) on Technology Transfer. This program will build on, support and cooperate with a number of existing initiatives, most notably the UNEP/GEF Sustainable Alternatives Network (SANET), the UNFCCC initiatives TT: Clear and the UNFCCC/CTI/PPL initiative entitled the Private Financing Advisory Network (PFAN), which has established an effective structure for the facilitation of private sector financing of technology projects.

⁷⁹ GEF/C.32/Inf.6/Rev.1.

National communications

74. Initial National communications: 134 countries have submitted their initial national communications. The guidelines for national communications require an inventory of greenhouse gases and a general description of steps being taken by the country to implement the Convention. The IPCC provided detailed guidelines to prepare national GHG inventories and the GEF funded National Communications Support Program supported hands-on training of national experts to properly apply the methodologies. The first round of these national communications has helped a number of national and regional energy related technical experts in developing countries to prepare and up-date these inventories.
75. *Technology needs assessments*: Over 90 countries received support as a follow-up of the initial national communications that were partially used for TNAs. Of these countries, 35 have submitted their technology needs assessments to the convention secretariat. The purpose of technology needs assessments was to identify and analyze priority technology needs, which can be the basis for a portfolio of environmentally sound technology (ESTs) projects, and programs which can facilitate the transfer of, and access to, the ESTs and know-how in the implementation of Article 4.5 of the Convention.
76. *Second national communications*: In April 2004, an umbrella project implemented jointly by UNDP and UNEP was approved by the GEF Council for \$58.4 million to fund the second national communications for 130 non-Annex I Parties using an expedited process. An amount of US\$ 1.68 million is being added to the umbrella project to provide funding to 4 additional non-Annex I Parties that requested for such funding recently. In addition 4 countries (Brazil, China, India and Peru) requested funding outside of the expedited cycle (full sized projects) which was approved in 2006 and 2007). The GEF is currently in discussions with its implementing agencies on how it can further simplify the process of obtaining funding for national communications.
77. As part of its outreach strategy under the new CEO, the GEF has initiated programming dialogues, with all recipient countries to assist them in identifying their priorities for GEF funding in the climate change focal area. In helping countries specify priorities for further development with implementing agencies, input has been obtained from the country's initial, and where available, second national communications.
78. The GEF report to COP 13 contains responses to the list of questions posed for the GEF after SBI 26 held in Bonn in May 2007.

Article 6 to the Convention

79. The GEF is working with the implementing agencies to develop simple guidelines for countries to include activities related to Article 6 in project proposals submitted for GEF funding. This principle of providing greater awareness and public support through the projects and programs that GEF supports is key to the communication strategy being presented to the GEF Council in November 2007. The guidelines will be available to countries by the end of 2007.

Carbon Capture and Storage

80. At their 11th Session in Montreal in December 2005, the COP requested the GEF to consider whether supporting Carbon Capture and Storage Technologies (CCS), in particular related capacity building activities, would be consistent with its strategies and objectives, and if so, how they could be incorporated within its operational programs. The GEF requested the assistance of its Scientific and Technical Advisory Panel in addressing this guidance. Together with the GEF Secretariat, STAP convened a two-day expert workshop to address this issue. A draft report from this workshop is expected for circulation by the end of calendar year 2007.

D. Capacity-Building under the Convention (Decision 4/CP.12)

COP 12 guidance

81. In decision 4/CP.12 on "*Capacity-building under the Convention*," paragraph 1, the COP decided that the following additional steps will be taken annually to regularly monitor the implementation of the capacity-building framework pursuant to decisions 2/CP.7 and 2/CP.10:
- (a) Parties to be invited to submit information on the activities that they have undertaken pursuant to decisions 2/CP.7 and 2/CP.10, which should include, inter alia, such elements as needs and gaps, experiences and lessons learned;
 - (b) The GEF to provide a report on its progress in support of the implementation of the framework in its reports to the COP;
 - (c) The secretariat to produce a synthesis report in accordance with paragraph 9 of decision 2/CP.7, drawing upon information contained in national adaptation programmes of action, technology needs assessments and national capacity self assessment and the information contained in subparagraph (a) above;
 - (d) Parties to consider the Global Environment Facility report mentioned in subparagraph (b) above and the synthesis report described in subparagraph (c) above as a basis for regular monitoring and as a contribution to the comprehensive review of the capacity-building framework;
82. In decision 4/CP.12, paragraph 2, the COP requested the secretariat to organize, before the thirteenth session of the COP, in collaboration with the Global Environment Facility and subject to the availability of resources, an expert workshop:
- (a) To exchange views on experiences in monitoring and evaluation of capacity-building by Parties, and where relevant, multilateral, bilateral agencies as well as intergovernmental and non-governmental organizations;
 - (b) To discuss the work of the GEF with regard to the development of capacity-building performance indicators relevant for monitoring the implementation of the capacity-building framework.
83. In decision 4/CP.12, paragraph 5, the COP reiterated its request to the Global Environment Facility, as an operating entity of the financial mechanism, to take into account the key factors for capacity-building as laid out in paragraph 1 of decision 2/CP.10 when supporting capacity-building activities in developing countries.
84. In decision 4/CP.12, paragraph 6, the COP reiterated its request to the Global Environment Facility to continue to provide financial resources to support the development of the information sources named in paragraph 1 (c), above, as appropriate, in accordance with decisions 2/CP.7, 6/CP.7, 4/CP.9, 2/CP.10 and 8/CP.10.

GEF's response

85. The GEF is providing the following report in response to para 1(b) of 4/CP.12.
86. In response to 2/CP.7 and 2/CP.10, the GEF has taken the following actions after several discussions with GEF Implementing Agencies, countries and the GEF Evaluation Office.

87. *Scope of capacity building* (para 15 of 2/CP.7): The GEF funding criteria for second national communications takes into consideration items (a), (c), (d), (e), (f), (g), (h), (i), (j), (k), (n) and (o) of para 15 through specific budget items in the enabling activity projects under implementation in 138 developing country Parties.
88. *Specific scope for capacity building in least developed countries* (para 17 of the Annex to 2/CP.7 and para 1(e) of 2/CP.10): The GEF-4 replenishment agreed to a specific allocation for LDCs, including SIDS, for cross-cutting capacity building activities as identified through their NCSAs.
89. *Financing and operation* (para 21 and 22 of the Annex 2/CP.7): In response to this framework the GEF has elaborated a country-driven strategy for its capacity building activities as highlighted below.
- Collaborated with the UNFCCC Secretariat and providing funding to develop and discuss indicators for monitoring capacity in countries as per the COP 12 guidance (para 2 (a) and (b) of 4/CP.12) GEF will present the draft indicators at the workshop to receive inputs from the Parties;
 - Revised the GEF strategy for cross-cutting capacity building (CB2) activities after having several rounds of discussion with the IAs and countries based on 2/CP.7 and 2/CP.10;
 - **Programmatic and Systematic Approach:** In implementing this framework, the GEF strategy is based on the following elements and activities identified in para 19 and paras 25, 28, 29 and 30 of the 2/CP.7 Annex and para 1 of 2/CP.10 as follows:
 - Considering institutional capacity building as a priority for the creation and strengthening of basic institutional structure (para 1(a) of 2/CP.10)
 - Including public awareness activities within the GEF projects for which simple guidelines will be issued by the end of 2007 (para 1(b) of 2/CP.10);
 - Following-up to the training workshops held (twice in some regions) on identifying and prioritizing capacity needs for developing Country Parties. The regions where such training activities were held are West and Central Africa, North Africa, Pacific, Latin America and the Caribbean and Asia. (para 1(c) of 2/CP.10);
 - Following-up on the NCSAs completed by all eligible EIT countries that received funding from GEF for preparing the NCSAs (para 1 of 3/CP.10);
 - Strategically fulfilling an established capacity requirement for implementing a priority capacity building activity in one of the GEF Focal areas. (para 1(d) iii and iv of 2/CP.10) In financial terms, capacity building projects, if stand alone, need to show its forward linkages reflecting the need and use of the capacity being built and not considered an isolated activity. Capacity building support (focal or cross-focal) has to be measurable through an agreed upon set of indicators and a system for monitoring, measuring impact and "online" reporting to conventions. Close coordination with other capacity building type projects and with capacity building in regular projects. Quite often, there has been duplication of capacity building support to countries especially when an earlier enabling activities portfolio was designed individually by focal area. The result is duplication at many levels.

Evaluation of capacity building

90. In 2007 the GEF Evaluation Office began work on the evaluation of GEF Capacity Development Activities. To date the evaluation team has completed its approach paper, literature reviews, and two country case studies. The country case studies examined the nature and results of the national, regional and global interventions and related these to capacity development targets at the policy, institutional and individual level in each country.
91. The country case studies found that the GEF portfolios include considerable capacity development activities. The results are generally positive and in some areas significant. GEF capacity development support has been relevant, in line with national policy priorities and with a good level of national ownership. However, it was also found in one country case study that there is no system which effectively integrates the objectives of capacity development across projects, so that aggregation of impacts can be achieved.
92. The effectiveness of capacity development activities has varied. In one country study, some activities were effective in providing new skills and institutional capacities that showed direct and immediate results in the concerned sector; but in other cases, the activities had less immediate results, although benefits may develop in the longer term. In cases of another country study, institutions have been unable to provide appropriate incentives for trained staff, and opportunities to use new skills have proved limited. Concerning efficiency, GEF capacity development activities have usually met their immediate output and outcome targets, although a few projects have suffered unusual delays in implementation. Cost-effectiveness of capacity development activities was difficult to assess, since the activities rarely comprise a defined budget heading during project implementation or monitoring.
93. The evaluation found that there has been no systematic monitoring or evaluation of overall capacity development performance at the country level, which could promote improvements to the coverage or approaches. The case studies revealed an underlying weakness in the training programs, namely, the tendency to plan and execute training as a "one-shot" solution. Extensive stakeholder consultations showed the importance of progression and repetition in training. Progression is needed to allow successful trainees, who have made use of their new knowledge and skills, to undertake more advanced courses, to reach higher levels of expertise, thereby further strengthening institutional performance. Sustainability of training is necessary to deal with the attrition of trained personnel, which is a common problem in government institutions and for increased needs as the value of improved approaches generates new demands.
94. In order to address this common deficiency in capacity development, it is necessary to build training approaches on the basis of existing bodies in the country or region, such as universities, or specialist public or private sector training institutions. These can be supported to adapt their existing programs or create new ones to address the key environment-related skills identified as necessary during project preparation. In some cases, it may be effective to develop new specialist training bodies in a region.
95. After reflecting on the issues identified by the country case studies, the Evaluation Office decided that further work is needed to analyze capacity development across the GEF portfolio. In particular, the evaluation team will conduct a meta-evaluation of capacity development findings based on a review of a sample of Terminal Evaluations and previous Evaluation Office reports, to explore the prevalence of the key issues identified by the country case studies. The team will also hold discussions with the GEF-UNDP-UNEP Support Program for Capacity Development to explore commonalities between its assessment of results and those of the evaluation. These additional activities will enable the development of a set of tools, which will enable forthcoming Annual Performance Reports, Country Program Evaluations, and OPS4 to evaluate the achievements of capacity development activities on a broader scale.



Montreal, Canada

IX. COP 11 Guidance and GEF Responses

1. The eleventh session of the Conference of the Parties (COP 11) was held from November 28 to December 9, 2005 in Montreal, Canada. Decisions at COP 11 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 12.⁸⁰ The reporting period is from September 1, 2005, to August 31, 2006.

A. Further Guidance for the Operation of the LDCF (Decision 3/CP.11)

COP 11 guidance

2. In decision 3/CP.11 on "*Further guidance for the operation of the Least Developed Countries Fund*," paragraph 1, the COP decided that the operation of the Least Developed Countries Fund should be consistent with the following principles:
 - (a) A country-driven approach, supporting the implementation of urgent and immediate activities identified in national adaptation programmes of action, as a way of enhancing adaptive capacity
 - (b) Supporting the implementation of activities identified in national adaptation programmes of action, and of other elements of the least developed countries work programme identified in decision 5/CP.7, in order to promote the integration of adaptation measures in national development and poverty reduction strategies, plans or policies, with a view to increasing resilience to the adverse effects of climate change
 - (c) Supporting a learning-by-doing approach.
3. In decision 3/CP.11, paragraph 2, the COP decided that full-cost funding shall be provided by the Least Developed Countries Fund to meet the additional costs⁸¹ of activities to adapt to the adverse effects of climate change as identified and prioritized in the national adaptation programmes of action.
4. In decision 3/CP.11, the COP requested the Global Environment Facility:
 - (a) To develop a co-financing scale for supporting activities identified in national adaptation programmes of action, taking into account the circumstances of least developed countries (paragraph 3);
 - (b) To develop flexible modalities that ensure balanced access to resources given the level of funds available, in accordance with decision 6/CP.9 (paragraph 5);

⁸⁰ GEF responses to COP 11 guidance are as of the date when the GEF report to COP 12 (FCCC/CP/2006/3) was compiled (October 13, 2006), unless stated otherwise. The GEF report to COP 12 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600004039>.

⁸¹ For the purpose of this decision, "additional costs" means the costs imposed on vulnerable countries to meet their immediate adaptation needs.

- (c) To ensure the separation of the administration and activities of the Trust Fund of the Global Environment Facility and the Least Developed Countries Fund (paragraph 9);
 - (d) To include, in its reports to the COP, information on the specific steps it has taken to implement this decision, for consideration by the Conference of the Parties at subsequent sessions (paragraph 10);
5. In decision 3/CP.11, paragraph 4, the COP decides that activities, identified in national adaptation programmes of action, that are not supported through full-cost funding as described in paragraph 2 above, will be co-financed through the scale referred to in paragraph 3 above.
 6. In decision 3/CP.11, paragraph 11, the COP decides to assess progress in the implementation of this decision and consider the adoption of further guidance, as appropriate, at its fourteenth session (December 2008).

GEF's response

Preparation of NAPAs

7. The LDCs requested financial support to prepare NAPAs. The rationale for developing NAPAs builds upon the high vulnerability and low adaptive capacity of the LDCs, which render them in need of support to begin adapting to the adverse effects of climate change. Activities proposed through the NAPAs would be those whose further delay could increase vulnerability, or lead to increased costs at a later stage. NAPAs are aimed at identifying priority activities that address the urgent and immediate needs and concerns of the LDCs relating to adaptation to climate change.
8. As of the end of August 2006, financial support had been provided for the preparation of 44 NAPAs and two global support projects. Total GEF funding for these activities came to US\$11.6 million. Four remaining LDCs eligible for NAPA support have yet to submit proposals for funding for their NAPAs: Angola, Equatorial Guinea, Myanmar, and Nepal. UNEP has assisted Angola, Myanmar, and Nepal to prepared draft proposals which have not received government endorsement to date. The government of Equatorial Guinea has not responded to information about NAPA preparation.
9. The first completed NAPA was submitted by Mauritania in November 2004, followed by Bangladesh, Bhutan, Malawi, Niger, and Samoa. Tanzania, Senegal, Rwanda, Liberia, Haiti, Lesotho, Comores, and Uganda have almost completed their NAPAs. The majority of the remaining NAPAs are expected to be completed during 2007-2008.
10. The NAPA preparation phase is considered complete when the NAPA official report is finalized, submitted to relevant recipients, and made public. Once the NAPA is completed, LDCs can develop and submit project proposals to the LDCF for implementing priority activities, as identified in the project profiles contained in the official NAPA document.
11. As countries have completed or are nearing completion of their NAPAs, some of the urgent and immediate activities that will need financial support have already been identified by them. Priority sectors, projects, and activities identified in NAPA documents as requiring urgent attention to adapt from potential climate change include water resources, food security and agriculture, health, disaster preparedness and prevention, infrastructure, and community-based adaptation.

Implementation of NAPAs

12. In response to decision 3/CP.11, which complements the previous decision 6/CP.9 and finalizes the guidance to the GEF with respect to funding the implementation of the NAPAs under the LDCF, the GEF prepared the document Programming Paper for Funding the Implementation of NAPAs under the LDCF Trust Fund.⁸² The

⁸² GEF/C.28/18.

document was prepared in consultation and collaboration with the LDCs, donor countries that contribute to the LDCF, other interested Parties and constituencies, the Implementing and Executing Agencies, and the UNFCCC Secretariat. The LDCF programming paper was approved by the GEF Council in May 2006.

13. The NAPA implementation phase will include the design, development, and implementation of projects on the ground, aimed to meet the adaptation needs identified by the official NAPA document in its preparation phase. Throughout this phase, projects will be monitored to measure progress, and at project completion, a terminal evaluation will assess the effectiveness of the adaptation measures implemented. The implementation phase will include provision for involving a comprehensive and open group of stakeholders, using the same participatory approach as for the NAP preparation phase. The implementation phase requires not only the mobilization of significant additional resources but also the identification and involvement of key agencies, individuals, communities, and entities with relevant expertise to address the problems given priority in the NAPA report.

Consultative process and LDC-GEF meeting in Dhaka

14. A continuous process of consultations with the LDCs and other interested stakeholders was followed in developing the programming paper for the LDCF. The most relevant meeting was the GEF-LDC consultation held in Dhaka from April 4-6, 2006, hosted by the Government of the People's Republic of Bangladesh through its Ministry of Environment and Forests. The consultation, financed by the LDCF, was aimed at strengthening the ongoing dialogue among the LDCs and the GEF with respect to issues related to adaptation to climate change in general and the role of the LDCF to support LDCs to meet their adaptation needs in particular. The results of the consultation were reflected in a revised version of the LDCF programming paper which was circulated to workshop participants and donors following the Dhaka meeting.

The LDCF programming paper

15. The document Programming Paper for *Funding the Implementation of NAPAs under the LDCF Trust Fund* comprises all elements listed above in the guidance from the COP. The LDCF is administratively separate from the GEF Trust Fund and operates through its own set of rules and procedures. Its implementation includes innovative elements linked to the unique circumstances of the LDCs based upon specific COP guidance.
16. In particular, the innovative elements are reflected in the following principles:
 - (a) Option for full cost funding for adaptation;
 - (b) The concept of additional costs of adaptation;
 - (c) A sliding scale as a tool to simplify project submissions and costs calculations;
 - (d) Existing development funds as basis for co-financing; and
 - (e) Expedited project cycle, including
 - i) MSPs up to US\$2 million;
 - ii) Submission of projects on a rolling basis (as opposed to fixed dates and deadlines);
 - iii) No objection-based approval: four written objections enough to stop (projects cannot be vetoed by one single party);
 - iv) Faster access to GEF/LDCF funding.

17. These principles set programming under the LDCF apart from programming under the GEF Trust Fund. LDCF projects are not funded on the basis of incremental costs. They are not expected to deliver global environmental benefits. The resources under the LDCF are outside the RAF. They are processed and approved through a simplified, transparent project cycle. The programming modalities of the LDCF will be kept under review and revised as necessary to take into account evolving guidance from the COP on the LDCF, advice from the LDC Expert Group and lessons learned in financing the implementation of NAPAs.

Mobilization of resources for the LDCF: Pledging meeting in Copenhagen

18. On April 28, 2006, the GEF organized a pledging meeting in Copenhagen, hosted by the Government of Denmark, to mobilize resources to fund the implementation of NAPAs. Participants welcomed the revised draft LDCF Programming Paper. They also embraced the proposed flexible approach proposed to streamline and simplify the procedures to meet the special needs of the LDCs with respect to adaptation to climate change.
19. At the pledging meeting, seven donors (Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom) made new pledges to the LDCF. In addition, three additional donors (New Zealand, Portugal, and Spain), although absent from the pledging meeting, made new pledges to the LDCF. The total new contributions pledged to the LDCF amount to US\$59.7 million. Adding together the available resources from previous contributions to these new amounts brings the total available resources under the LDCF to US\$89.6 million. Since these meetings were held, France has made a verbal pledge to the LDCF at the GEF Council meeting in June, and Italy announced a pledge of resources to the LDCF at the GEF Assembly in Cape Town, South Africa in August.
20. The first NAPA implementation project was submitted recently by the Royal Government of Bhutan with the assistance of UNDP. Several others are currently under preparation. For more detailed information, see *Programming Paper for Funding the Implementation of NAPAs under the LDC Trust Fund*⁸³ and *Status Report on the Climate Change Funds*⁸⁴.

B. Additional Guidance to an Operating Entity (Decision 5/CP.11)

COP 11 guidance

21. In decision 5/CP.11 on "Additional guidance to an operating entity of the financial mechanism," paragraph 1, the COP requested the GEF, as an operating entity of the financial mechanism of the Convention, to include in its regular report to the COP information on:
 - (a) The initial application of the Resource Allocation Framework to resources allocated in the fourth replenishment of the Global Environment Facility that is operational from July 2006, focusing on the climate change focal area;
 - (b) How the Resource Allocation Framework is likely to affect funding available to developing countries for the implementation of their commitments under the Convention.
22. In decision 5/CP.11, paragraph 2, the COP requested the Global Environment Facility, in accordance with Article 12, paragraph 4, of the Convention, and decision 11/CP.1, to assist, if so requested, Parties not included in Annex I to the Convention in formulating and developing project proposals identified in their national communications, when Parties are formulating their national programmes to address climate change issues.

83 GEF/C.28/18

84 GEF C/28./4/Rev.1

23. In decision 5/CP.11, paragraph 3, the COP requested the Global Environment Facility to consider whether supporting carbon capture and storage technologies, in particular related capacity-building activities, would be consistent with its strategies and objectives, and if so, how they could be incorporated within its operational programmes.
24. In decision 5/CP.11, paragraph 4, the COP requested the Global Environment Facility to include in its report to the COP at its twelfth session (November 2006) information on specific steps undertaken to implement decisions relating to paragraphs 2 and 3 above.

GEF's response

The Resource Allocation Framework

25. With respect to the RAF, in accordance with decision 5/CP.11, the GEF was requested to report on (a) the initial application of the RAF to resources allocated in GEF-4, focusing on the climate change focal area; and (b) how the RAF is likely to affect funding available to developing countries for the implementation of their commitments under the Convention.
26. The RAF is intended to enhance the impact of the limited resources available to the GEF on the global environment by channeling resources toward countries with the greatest potential to generate global benefits and the best performance. It is designed to enhance transparency by specifying a well-defined and publicly disclosed method for allocating GEF resources among eligible countries; improve predictability regarding availability of resources to countries; and provide a framework for countries to program these resources in accordance with national priorities and commitments to global environmental conventions. Each country can propose projects for GEF funding that are consistent with GEF operational policies, principles, and priorities that best meet its commitments to the global environmental conventions.
27. With the successful conclusion of the fourth replenishment of the GEF Trust Fund, the GEF Secretariat has informed GEF Operational Focal Points in GEF-recipient countries the initial indicative allocations available to them for programming in the climate change focal area for GEF-4 and has also published the same on its website. Countries can program up to half of the initial indicative allocations during the first two years of GEF-4 and submit proposals to the GEF in accordance with national priorities, Convention commitments, and GEF operational priorities and criteria. The indicative allocations may vary in the second half of GEF-4, depending on the actual resources available to the GEF and the performance of each country.
28. National focal points in GEF-recipient countries are expected to play an important role in facilitating a consultative process in their respective countries that leads to the best use of resources. The GEF Council has expanded support for GEF national focal point development and national capacity building so that countries can better address global environmental challenges and strengthen their capacities to work through the RAF approach. To this end, two new initiatives – CSP for Focal Points and the GEF National Dialogue Initiative – have provided opportunities for stakeholders to seek clarification and provide feedback about the RAF.
29. To facilitate the implementation of the RAF, between March and August 2006, the CEO of the GEF wrote three letters to the GEF Operational Focal Points to provide information regarding the implementation of the RAF and to inform them of the assistance available to help countries manage the GEF resources and prioritize country-driven projects for GEF funding. In this respect, the GEF Secretariat has published Guidelines for Country Operational Focal Points to Manage GEF Resources, RAF at a Glance, Frequently Asked Questions, and other information on its website, and has communicated such information directly to all GEF Operational Focal Points in the countries.

30. The GEF convened eight sub-regional workshops from April to August 2006 for national focal points for GEF to provide in-depth information on the implementation of the RAF and to discuss and address related questions and issues. The consultations also helped identify the needs and areas for capacity building to support the GEF Operational Focal Points in light of their enhanced roles under the RAF. After the workshops, the participants were better informed about the RAF and its impact on GEF operations and were committed to sharing this information with a wide range of local stakeholders in their home countries. Many participants expressed appreciation for the adoption of the RAF as it will provide countries greater control over their programming of GEF resources.
31. The RAF will not affect funding available to developing countries for the implementation of their second national communication commitments under the UNFCCC. As previously reported upon, the NCSP was approved as a US\$60 million project in November, 2003. It provides funding for 129 countries to prepare their second national communications from the resources available under GEF-3.

Developing project proposals

32. The GEF was requested by decision 5/CP.11 to report on the specific steps taken to assist non-Annex I Parties, when requested, in formulating and developing project proposals identified in their national communications, when Parties are formulating their national programs to address climate change issues, in accordance with Article 12, paragraph 4, of the Convention and decision 11/CP.1.
33. During the current reporting period, the GEF allocated a total of US\$358 million to 66 projects to non-Annex I Parties to the Convention and other GEF-eligible countries. These projects continue to be country-driven, supporting the priority areas of climate change identified in the national communications and other national plans in the respective countries.
34. The GEF and its Implementing Agencies, particularly UNDP and UNEP, are responsible for supporting countries in implementing enabling activities to prepare second and subsequent national communications. In the past, a number of projects identified in enabling activities were funded by the GEF and other sources of funding. As part of the process of preparing second and subsequent national communications, the Implementing Agencies are making special efforts to advise countries on the practicality of obtaining funding for projects identified in the second and subsequent national communications that are suitable for funding from a number of sources, including the GEF. The adoption of the RAF will impose a discipline on programming that should make it easier for countries to obtain funding for priority projects identified as part of the national communications projects.

Support of carbon capture and storage technologies

35. The GEF was requested by decision 5/CP.11 to report on the specific steps taken to consider whether supporting CCS technologies, in particular, related capacity-building activities, would be consistent with its strategies and objectives, and if so, how they could be incorporated within its operational programs.
36. As CCS is a new technology, the GEF Secretariat considers it appropriate to draw upon the expertise of the GEF STAP to formulate a reasonable approach and to provide the support requested by the COP in the most efficient and appropriate manner. Consequently, in July 2006, the GEF Secretariat formally requested STAP to provide input and advice to the GEF Secretariat and Council regarding CCS and the related COP decision.
37. In response to the GEF Secretariat's request, STAP proposed that a paper be commissioned and a review meeting be convened, with the participation of 4-5 experts, including those from developing countries. The output of the review meeting would be a state-of-the-art understanding of CCS technologies, taking into account the existing body of knowledge and ongoing work on CCS by the IPCC and other relevant entities working in this area, including technological development, economics, environmental risks, and the needs for capacity building in developing countries; feedback on the consistency (and/or lack of) of supporting CCS technologies with GEF strategies and objectives; and the

potential role of the GEF in supporting capacity building of CCS technologies over the next 5-10 years. STAP is currently working on commissioning the paper and arranging the review meeting.

C. National Communications from Non-Annex I Parties (Decision 8/CP.11)

COP 11 guidance

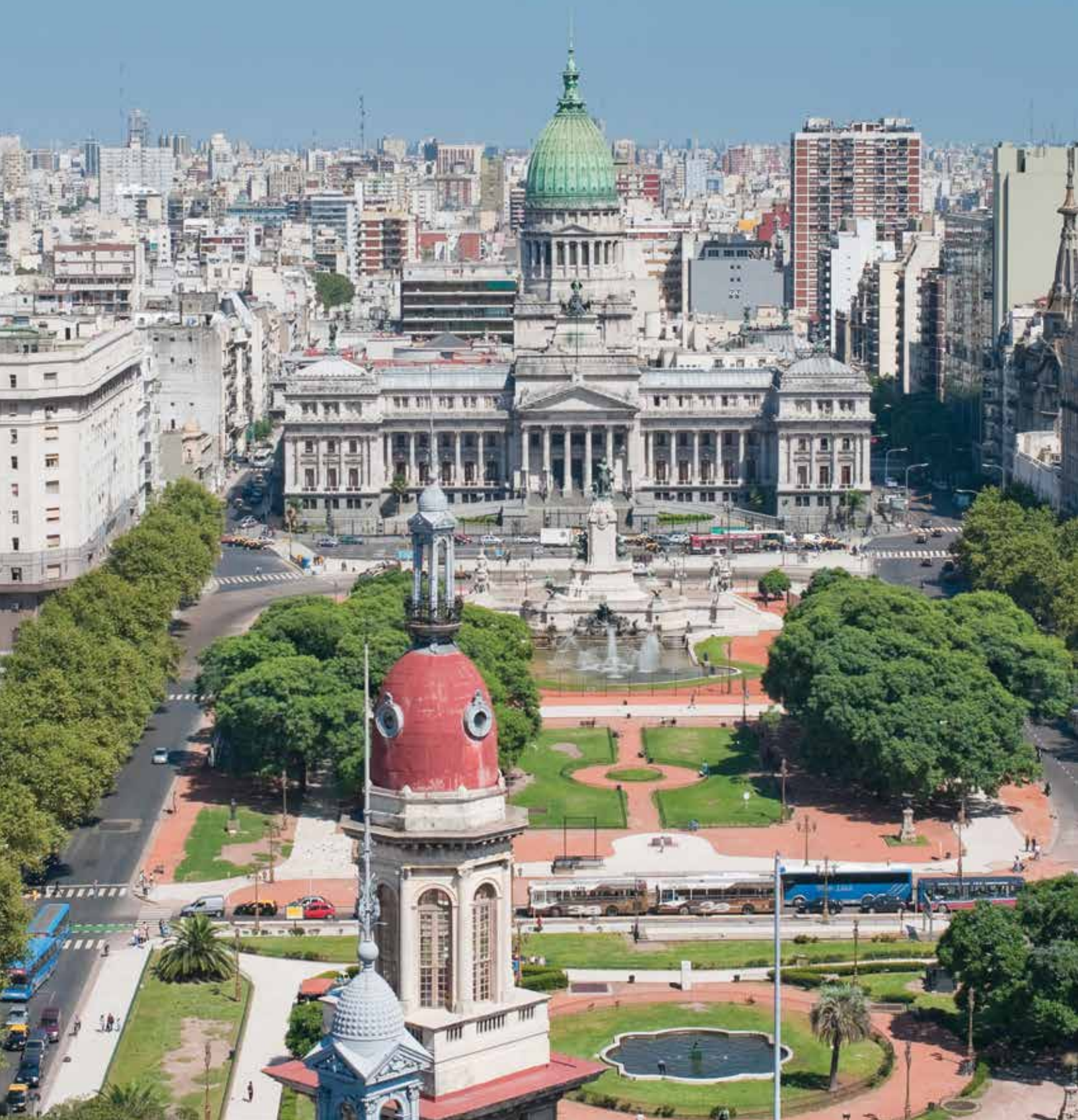
38. In decision 8/CP.11 on "*Submission of second and, where appropriate, third national communications from Parties not included in Annex I to the Convention*," the COP acknowledged that the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, has agreed to fund, and has approved the funds for, the preparation of national communications, and has agreed on the Operational Procedures for Expedited Financing of National Communications from non-Annex I Parties.
39. In decision 8/CP.11, paragraph 5, the COP decided that any extensions (related to 8/CP.11) shall not imply additional financial resources from the Global Environment Facility.
40. In this regard, following decision 8/CP.11, SBI 24 invited the Global Environment Facility to continue to provide information on activities of non-Annex I Parties relevant to the status of the preparation of their national communications and to provide, in addition to the dates of approval, information on the dates of disbursement of funds.

GEF's response

Status of funding for SNCs

41. The GEF continued to provide financial support to 139 Parties to prepare their national communications for the UNFCCC. To date, 129 Parties have submitted their first national communications and are in varying stages of preparing the second, and in a few cases, third national communications. Eleven Parties are still preparing their initial national communications, out of which one non-Annex I Party is preparing its national communications without seeking GEF assistance. The status of funding within the reporting period is included in Annexes 6-A and 6-B to the GEF report to COP 12.
42. As requested by the UNFCCC Secretariat, information on the date of initial disbursement of financial resources to individual non-Annex I Party is reflected in the GEF report to COP 12. In the case of parties choosing the expedited process to access GEF resources, the date for initial disbursement reflects the date when the initial payment was advanced to the country for undertaking the agreed activities in preparation for the national communications. Prior to this disbursement, many countries received funding for conducting stakeholder workshops to plan for the activities to be undertaken in the preparation of the national communications. This funding has not been considered initial disbursement in the table as it was prior to submission of the project document by the country to prepare the national communications. The data are based on the information provided by the banks concerned to the national representatives of the implementing agency.
43. For Parties which have chosen to use the non-expedited full project cycle to access GEF resources, the date of initial disbursement reflects the date when the Party received funding for project development and preparation (PDF-B).

Buenos Aires, Argentina



X. COP 10 Guidance and GEF Responses

1. The tenth session of the Conference of the Parties (COP 10) was held from December 6 to 17, 2004 in Buenos Aires, Argentina. Decisions at COP 10 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 11.⁸⁵ The reporting period is from July 1, 2004, to August 30, 2005.

D. Buenos Aires Programme of Work on Adaptation and Response Measures (Decision 1/CP.10)

COP 10 guidance

2. In decision 1/CP.10 on "*Buenos Aires programme of work on adaptation and response measures*," paragraph 5, the COP decided to further the implementation of actions under decision 5/CP.7, paragraph 7, including through:
 - (a) Information and methodologies
 - i) Improving data collection and information gathering, and the analysis, interpretation and dissemination of such data and information to end-users, under decision 5/CP.7, paragraph 7 (a) (i), within and by Parties not included in Annex I to the Convention (non-Annex I Parties) which are vulnerable to the adverse effects of climate change, including through the enhancement of systematic observation and monitoring networks in countries with observation stations that feed into the Global Climate Observing System and through increased data sharing between Parties, particularly among Parties included in Annex I to the Convention (Annex I Parties) and among non-Annex I Parties;
 - ii) Strengthening in-country capacity-building for generating, managing, processing and analysing data sets, for improving the quality of analytical tools, and for disseminating the results of these efforts in sectors that can contribute to climate change impact analysis, including through the development and strengthening of in-country modelling tools to assess the adverse effects of climate change and drivers of regional climate trends;
 - iii) Providing additional training in each specialized field relevant to adaptation identified in decision 5/CP.7, paragraph 7 (a) (iii), in order to create and sustain in-country capacity, including through overseas training, scholarship programmes and workshops, according to needs identified by Parties;

⁸⁵ GEF responses to COP 10 guidance are as of the date when the GEF report to COP 11 (FCCC/CP/2005/3) was compiled (October 4, 2005), unless stated otherwise. The GEF report to COP 11 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?prirref=600003550>.

- iv) Improving the availability of General Circulation Models, including their outputs and results, and providing training and financial and technical assistance to non-Annex I Parties for the development and application of downscaling tools at regional and national levels;
 - v) Strengthening institutions and centres through targeted research programmes under decision 5/CP.7, paragraph 7 (a) (v) and (vi), to address the adverse effects of climate change in vulnerable sectors;
 - vi) Supporting education and training in, and public awareness of, issues relating to climate change under decision 5/CP.7, paragraph 7 (a) (vii), as well as stakeholder participation in key sectors;
- (b) Vulnerability and adaptation
- i) Carrying out pilot and demonstration projects under decision 5/CP.7, paragraph 7 (b) (v), in particular to take forward adaptation projects identified in national communications and other relevant sources, including activities that strengthen adaptive capacity;
 - ii) Enhancing technical training for integrated climate change impact and vulnerability assessment across all relevant sectors, and for environmental management relating to climate change under decision 5/CP.7, paragraph 7 (b) (ii);
 - iii) Promoting the transfer of technologies for adaptation under decision 5/CP.7, paragraph 7 (b) (iv), on an urgent basis in priority sectors, including agriculture and water resources, for example through the exchange of experiences and lessons learned in enhancing resilience to the adverse effects of climate change in key sectors;
 - iv) Building capacity, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular for droughts and floods and extreme weather events, in accordance with decision 5/CP.7, paragraphs 7 (b) (vi) and 8 (c).
3. In decision 1/CP.10, paragraph 6, the COP requested the Global Environment Facility to report to the Conference of the Parties at its eleventh session and subsequent sessions on how the above-mentioned activities have been supported, and the barriers, obstacles and opportunities presented, through:
- (a) The strategic priority "Piloting an Operational Approach to Adaptation";
 - (b) The small grants programme;
 - (c) Efforts to address adaptation in the climate change focal area and to mainstream it into other focal areas of the GEF;
 - (d) The LDCF and efforts to finance the preparation of national adaptation programmes of action;
 - (e) The SCCF.
4. In decision 1/CP.10, paragraph 7, the COP requested the Global Environment Facility to expand support for the elaboration of adaptation strategies as part of the national communication process in non-Annex I Parties.
5. In decision 1/CP.10, paragraph 2, the COP invited the Global Environment Facility and other bilateral and multilateral sources to provide feedback to the Conference of the Parties, at its twelfth session (November 2006), on activities undertaken in response to decision 5/CP.7, paragraphs 22–29 (in

accordance with decisions 6/CP.7 and 7/CP.7), with a view to the Conference of the Parties adopting a decision on further action at its thirteenth session.

GEF's response

Activities to address the adverse impacts of climate change

6. In response to various COP decisions, the GEF currently has three avenues open for funding activities focusing on the adverse impacts of climate change: the SPA under the GEF Trust Fund, LDCF, and SCCF. Activities funded under the SPA receive funding from the GEF Trust Fund and are expected to generate global environmental benefits. Activities supported under the LDCF are intended to address the urgent and immediate adaptation needs of the Least Developed Countries. Adaptation efforts supported under the SCCF are aimed at addressing adaptation to climate change in key development sectors, such as water, agriculture, and health. In addition, the GEF is taking preliminary steps to operationalize the Adaptation Fund to further support adaptation activities. In response to a request from the COP 10, each of these sources of adaptation funding is addressed below.

Strategic priority "Piloting an operational approach to adaptation"

7. During COP 7 in 2001, the UNFCCC requested that the GEF provide financial resources for "establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning on the basis of information provided in the national communications, or of in-depth national studies⁸⁶." In response to this guidance, the GEF established the Strategic Priority "Piloting an Operational Approach to Adaptation (SPA)". In financing adaptation activities, the GEF Council requested that SPA projects "are consistent with the principles of the Trust Fund, including criteria concerning incremental costs and global environmental benefits⁸⁷".
8. An indicative target of US\$50m for the SPA was included in the GEF Business Plan in November 2003. While the first MSP's under the SPA were approved during the current reporting period, the first full-sized projects funded under the SPA are expected to be included in the November 2005 Work Program.
9. The overall objective of the SPA is to support pilot and demonstration projects that both address local adaptation needs and generate global environmental benefits in the focal areas in which the GEF works: biodiversity, climate change, international waters, land degradation, and persistent organic pollutants (POPs). Projects that generate both local (development-focused) and global benefits will be eligible under the SPA if their benefits are considered to be primarily global in nature. The approach adopted to design these initiatives is expected to be consistent with rigorous scientific methodologies and best practice as demonstrated in scientific papers and peer-reviewed publications. The SPA will support activities that increase adaptive capacity and resilience to climate change in any of the GEF focal areas.
10. The need to promote integration between the climate change, biodiversity and desertification conventions has been endorsed by Parties, the Convention Secretariats and numerous scientific bodies. In the GEF context, synergies among conventions imply the need for integration between GEF focal areas. Adaptation to climate change offers a unique concrete opportunity to test these linkages at the operational level.

⁸⁶ FCCC/CP/2001/13/Add.1, decision 6/CP.7.

⁸⁷ Joint Summary of the Chairs, GEF Council meeting (May 19-21, 2004), paragraph 26, pp 4

The Small Grants Programme and adaptation

11. Among the activities being prepared for support under the SPA is a US\$5m program to provide support to adaptation activities under the SGP. This project is expected to enter a GEF work program in early 2006.
12. This SGP adaptation program is expected to: (i) develop a framework, including new knowledge and capacity, to respond to unique community-based adaptation needs; (ii) identify and finance diverse community-based adaptation projects in a number of selected countries; and (iii) capture and disseminate lessons learned at the community level to all stakeholders, including governments.
13. The program will focus initial pilot activities in Bolivia, Niger, Samoa and Bangladesh, where local communities are actively participating in the preparation phase of the project. Six more countries will be selected for inclusion after the preparation phase is completed.

Least Developed Countries Fund

14. In 2001, COP 7 established the LDCF to address the special needs of the LDCs, taking into account their extreme vulnerability to climate change and their limited adaptive capacity. In response to this guidance from the COP, the GEF has operationalized the LDCF. To date, these operations include support to the full cost of the preparation of NAPAs. The majority of LDCs have received funds to prepare their NAPAs, many of which are now close to completion. NAPAs are aimed at identifying priority activities addressing the urgent and immediate needs of the LDCs relating to adaptation to the adverse impacts of climate change. The GEF is currently consulting with the LDCs, donors, implementing agencies and others on how to move from the preparation of NAPAs to the implementation phase.
15. Initial voluntary contributions to the LDCF amount to US\$32.9m. Of this amount, about US\$12m has been allocated to NAPA preparation. In addition to the remaining US\$22.0m, the GEF is expected to mobilize additional funds to implement the projects identified in the NAPAs. After a significant number of NAPAs are completed and a programming paper is prepared, a meeting with donor countries to mobilize additional funds will be held (expected in 2006).
16. The overall objective of the adaptation program under the LDCF is to meet the urgent and immediate needs of the LDCs with respect to adaptation to climate change, as identified and prioritized in the NAPAs.

Special Climate Change Fund

17. The SCCF was established in response to guidance to the GEF from the COP at its seventh session. Parties agreed that the SCCF should support activities in the following areas: (a) adaptation; (b) technology transfer; (c) energy, transport, industry, agriculture, forestry, and waste management; and (d) economic diversification.
18. To date, guidance has been received for supporting adaptation—which is given the top priority—and technology transfer under the SCCF.
19. The GEF Council approved a proposed program outlining plans to utilize SCCF resources in November 2004.⁸⁸ Subsequently, the GEF Secretariat met with donor countries and mobilized an initial US\$34m in pledges, of which approximately US\$33m are allocated to adaptation and US\$1m to technology transfer.
20. As called for in the guidance, the overall objective of adaptation projects under the SCCF is to address the adverse impacts of climate change. These activities will be country-driven, consistent with country's priorities, and integrated into development plans, projects and programs. Another objective of

⁸⁸ GEF/C.24/12.

adaptation activities financed under the fund will be to support capacity building, project preparatory work, and awareness raising.

21. Activities will be implemented, inter alia, in the following areas: (a) water resources management; (b) land management; (c) agriculture; (d) health; (e) infrastructure development; (f) fragile ecosystems, including mountainous ecosystems; and (g) integrated coastal zone management.

E. Capacity-Building for Developing Countries (Decision 2/CP.10)

COP 10 guidance

22. In decision 2/CP.10 on "*Capacity-building for developing countries (non-Annex I Parties)*," paragraph 1, the COP decided that the scope of capacity-building needs, as contained in the framework for capacity-building in developing countries, annexed to decision 2/CP.7, is still relevant and that the following are key factors that should be taken into account and could assist in the further implementation of decision 2/CP.7:

- (a) To make institutional capacity-building a priority for the creation and strengthening of basic institutional infrastructure;
- (b) To raise awareness at various levels on climate change issues and increase the involvement of national governmental organizations in capacity-building activities;
- (c) To develop and, where appropriate, promote exchange of best practices, experiences, and information on capacity-building activities undertaken by various Parties, including financial resources, case studies and tools for capacity-building;
- (d) To ensure effectiveness of capacity-building activities so that:
 - i) They enhance the ability of developing country Parties to implement the Convention and to participate effectively in the Kyoto Protocol process; and
 - ii) Initial and subsequent national communications and national adaptation programmes of action provide a good measure of successful capacity-building as it relates to the implementation of the Convention
 - iii) Capacity-building is integrated as a priority by policy and decision makers
 - iv) Long-term sustainability of capacity-building activities is achieved through integration in planning processes
- (e) Financial and technical resources should be made available, through an operating entity of the financial mechanism and, as appropriate, through multilateral and bilateral agencies and the private sector, to assist developing countries, in particular least developed countries and small island developing States among them, in the implementation of this framework;
- (f) To further apply learning-by-doing approaches for capacity-building by supporting various types of capacity-building activities, projects and programmes at the national and local levels;
- (g) To continue to improve international donor coordination in the provision of financial resources, and to harmonize donor support in alignment with national priorities, plans and strategies;

- (h) To ensure that resources are made available for the implementation of capacity-building activities;
 - (i) To strengthen institutional arrangements at the national level to coordinate implementation consistent with decision 2/CP.7 as a way of promoting integration of climate change issues into the national planning processes so as to increase effectiveness and sustainability of outcomes.
23. In decision 2/CP.10, paragraph 3, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, to take into account the key factors identified in paragraph 1 of this decision in the context of the projects of the operating entity of the financial mechanism, when supporting capacity-building activities in developing countries in accordance with decisions 2/CP.7 and 4/CP.9 and as defined in the Strategic Approach to Enhance Capacity-Building.⁸⁹
 24. In decision 2/CP.10, paragraph 6, the COP requests the Global Environment Facility to include in its report to the Conference of Parties, at its eleventh session (November–December 2005), information on how it is responding to this decision.
 25. In decision 2/CP.10, paragraph 9, the COP requested the [UNFCCC] Secretariat to disseminate, in cooperation with the Global Environment Facility and its implementing agencies, an information document on best practices, lessons learned in capacity-building projects and programmes, and to facilitate its publication through the UNFCCC web site.

GEF's response

26. Capacity building has always been a critical element of GEF climate change projects and more generally in almost all GEF activities. A review undertaken by the GEF Implementing Agencies to assess the role of capacity building in GEF projects found that GEF support for capacity building activities in all its focal areas exceeded US\$ 1.46 billion as of June 2002. The important role the GEF plays in the area of capacity building was recognized by the COP.⁹⁰
27. This section focuses on the implementation of the GEF strategic approach to enhance capacity building through GEF projects approved during the reporting period. The strategy responds to 2/CP.10 and 2/CP.7 by focusing on institutional capacity building and integrating climate change issues in various sectors of the economy and in poverty reduction strategies and programs, as well into general sustainable development strategies.
28. The COP decisions on capacity building notes that there is no “one size fits all” formula for capacity building. Capacity building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by, and in, developing countries. The special circumstances of least developed countries and small islands developing States need in particular to be taken into account.⁹¹
29. The GEF's main support for capacity building continues to be through its projects supporting climate change mitigation and adaptation. However, following the COP decision, the GEF jointly with the implementing agencies implemented the initial strategy of the GEF Strategic Approach, Pathway I – National Capacity Self Assessment. By September 2005, 153 countries were engaged in this programme, preparing to identify and prioritize their capacity needs, based on the country's circumstances, existing strengths and gaps. The NCSAs aim to facilitate an inclusive, comprehensive review and assessment of the country's capacity—strengths and needs—to manage global and national environmental issues,

⁸⁹ GEF/C.22/8.

⁹⁰ Decision 10/CP.5.

⁹¹ Decision 2/CP.7 (Annex).

including UNFCCC. The NCSA action plan is expected to outline priority strategies and actions for developing capacities to address the priority issues identified, responding as well to 2/CP.7 and 2/CP.10.

Follow-up of NCSAs

30. Responding to the COP decision to ensure that resources are also made available for the implementation of capacity-building activities, not just for assessments⁹² a follow-up program to the NCSAs has been initiated by GEF to consider financing free-standing, capacity-building projects that address national priority capacity needs identified in the NCSA and responding to 2/CP.7 and 2/CP.10. The projects need to clearly demonstrate country ownership and based on synergies with other relevant environmental conventions as demonstrated by NCSAs.
31. Such cross-cutting capacity building projects will use the GEF medium-sized project cycle with funding not exceeding the level provided to expedited enabling activities. The activities considered under this modality are likely to be ones that miss support through the main GEF project portfolio and cannot be included in GEF projects that address focal area strategic priorities.
32. Given the enabling nature of capacity building activities where the baseline cost to be met from other resources may be zero, activities will be funded on an agreed full-cost basis. However, partnership is central to sustaining capacity building activities and proposals ensuring national and local commitment and building on complimentary initiatives are to be encouraged. Partnership with other donors will be considered co-financing.

Country programs for LDCs and SIDS

33. The COP Framework for capacity building in developing countries asked that the special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework.⁹³ The GEF is in the process of finalizing these operational modalities and project criteria for the enhancement of country capacity building programs for LDCs and SIDS. This modality will be in addition to the funding available to all eligible developing countries for following-up on NCSAs in response to the findings of the CDI (Capacity Development Initiative) that it was necessary to address critical capacity bottlenecks in the LDCs and SIDS in view of their special situations. This concern was later confirmed by OPS3.
34. It is expected that the country programs for LDCs and SIDS will provide limited financing at the country level managed through a multi-stakeholder decision making process, to provide flexibility and agility to the countries for agreeing on small amounts of targeted assistance to remove bottlenecks at the country level that inhibit good management of global environmental issues. Financing through such a mechanism should be based on identified priority needs highlighted through an NCSA or similar exercise.
35. The objective of the country programs is to facilitate critical, incremental improvements in the country's capacity to use and manage its natural resources and environment. This will be achieved by means of a flexible, country-driven program of incisive capacity development actions and its scope will include relevant areas identified in the Annex to 2/CP.7.
36. The country programs for LDCs and SIDS will fund modest, yet vital, capacity building actions by disbursing small grants through a country-based decision making process. The actions will meet critical needs to make a significant difference in the capacity of the country in a short time for a specific purpose. Grants will be awarded to actions which target critical bottlenecks, and have consensus across the relevant GEF national focal areas and are geared to early outcomes.

⁹² Decision 2/CP.10, paragraph 1(h).

⁹³ Decision 2/CP.7 ANNEX para 9 and 17.

37. Each country program will be a single MSP having its own justification, logical framework, outcomes, activities, risks and assumptions. Each country program will be of specific budgetary size and scope responding to the capacity gaps identified and action plan prepared through the NCSA or a similar country process.
38. Countries can submit requests for regional capacity action programs where there are significant similarities of national circumstances, and a regional response would better deliver economies of scale. An alternative mechanism will be for a regional action to be supported by several country programs.

Global support program for capacity building

39. The GEF has initiated a GSP managed jointly by UNDP and UNEP to provide technical backstopping to countries and ensuring timely completion of NCSAs. This is in addition to the NCSP though based in the same unit of UNDP-GEF for close collaboration. The GSP responds to decision 2/CP.7⁹⁴ to facilitate dissemination and sharing of information on capacity building activities conducted by developing countries for better coordination and South-South cooperation. The aim is to meet this demand with the rapid mobilization of technical backstopping and opportunities for countries to share experiences related to the preparation of NCSAs.
40. The Support Program is structured as a learning process and knowledge management mechanism, with an initial emphasis on analyzing information and knowledge generated by the NCSA process, which will be used as substantive inputs in the development of the follow-up activities in four ways:
 - (i) Develop targets and indicators for capacity building in the context of the NCSAs
 - (ii) Generate regional synthesis reports and “good practices” documents, which could form a foundation in designing the other capacity building activities
 - (iii) Review previous and ongoing capacity development activities, and develop proposals for follow-up to NCSAs
 - (iv) Advise on ways to ensure the most effective and cost-efficient way of providing country-focused technical support services to all GEF enabling activities.
41. Currently the Global Support Program is organizing 10 regional and sub-regional workshops. These workshops starting with one for East Europe and Countries with Economies in Transition will be held in Africa, Asia and the Pacific and Latin America and the Caribbean in the coming months.
42. The sub-regional training and exchange workshops are being organized through regional institutions on the basis of countries’ needs. The workshops will address technical and implementation issues, while promoting the exchange of experiences and networking. GEF and Convention focal points will be invited to workshops to ensure that the NCSA remains anchored in ongoing political processes. Workshops will also be synchronized with related events/processes.
43. The regional institutions will work with countries to define training agendas, ensuring active engagement of national teams in workshop design and content. Given that countries will likely be at different levels of implementation, the workshops will need to bring together countries with similar needs at a given stage of the NCSA process with those countries that are more advanced in their NCSA process to promote south-south collaboration. This approach will ensure more effective training and opportunities for addressing gaps and building capacity.

94 Paragraph 19 of the Framework for capacity building in developing countries.

Indicators

44. In view of the COP decision⁹⁵, the GEF is developing targets and indicators for measuring the results and impacts of capacity building activities. The Capacity Building Global Support Program is undertaking the analytical work necessary to propose indicators that allow effective benchmarking and assessing of outcomes and impacts of the four pathways envisaged in the GEF Strategic Approach to Enhance Capacity Building. This is to be done in collaboration with the monitoring and evaluation units of GEF, UNDP, UNEP, and the World Bank. The indicators will be shared with the UNFCCC Secretariat.
45. Project preparation will also include indicators to assess the success of capacity building in terms that are as specific as possible. Indicators will be agreed with recipient countries on a project-by-project basis, and monitored by the Implementing and national executing agencies.

Small Grants Programme and capacity enhancement

46. The COP decision (2/CP.10) identified as a key factor the need for increasing the involvement of NGOs in capacity building activities. The GEF SGP is a direct response to this COP decision continuously increasing the involvement of NGOs and community groups in climate change activities thus strengthening the national capacity.
47. During the reporting period, the SGP awarded 174 grants to NGO's and Community-Based Organizations (CBOs) for community-based climate change projects totaling US\$4.59m in GEF financing, in addition to US\$4.61m in co-financing (US\$2.48m in cash, and US\$2.13m in-kind).
48. Among the projects during the reporting period, 54 projects (31%) addressed issues related to removal of barriers to energy efficiency and energy conservation under OP5, 105 projects (60%) addressed issues related to promoting the adoption of renewable energy under OP6, while 15 projects (9%) addressed issues related to sustainable transport under OP11. About half (52%) of the projects incorporated capacity building and development aspects related to climate change in their design.
49. The projects are on-going and several categories of impacts or benefits are expected, including: informing policy options for promotion of renewable energy and energy efficiency, capacity building and development of communities and stakeholders, direct local livelihoods benefits, direct avoidance and reduction of production of GHGs and formation of partnerships in promoting renewable energy, energy efficiency, and environmentally sustainable transport.

F. Capacity-Building for Countries with Economies in Transition (Decision 3/CP.10)

COP 10 guidance

50. In decision 3/CP.10 on "*Capacity-building for countries with economies in transition*," paragraph 2, the COP invited the Global Environment Facility within its mandate, Parties included in Annex II to the Convention (Annex II Parties), and multilateral, bilateral and other international organizations that are in a position to do so, to provide financial support for capacity-building activities in Parties with economies in transition, as outlined in decision 3/CP.7.
51. In decision 3/CP.10, paragraph 3, the COP invited the Global Environment Facility within its mandate and its implementing agencies, Annex II Parties and multilateral, bilateral and other international organizations to provide information regarding opportunities for technical and financial support for capacity-building activities in Parties with economies in transition.

95 Decision 2/CP.10, paragraph 9 (c).

52. In decision 3/CP.10, paragraph 7, the COP decided to review the status of implementation of decision 3/CP.7 at SBI 27 (November 2007) in preparation for the first commitment period of the Kyoto Protocol, making use of information provided by Parties with economies in transition and Annex II Parties in their national communications and other relevant documents and information to be provided by the GEF and its implementing agencies, and bilateral, multilateral and other international agencies.
53. In decision 3/CP.10, paragraph 8, the COP requested the secretariat to prepare a compilation and synthesis of information provided by Parties with economies in transition and Annex II Parties for the above-mentioned review and make it available for consideration by the Subsidiary Body for Implementation at its twenty-seventh session.
54. In decision 3/CP.10, paragraph 9, the COP invited the Global Environment Facility and its implementing agencies, and bilateral, multilateral and other international organizations, to provide information for the review of decision 3/CP.7 as indicated in paragraphs 7 and 8 above.

GEF's response

55. See paragraphs 26 to 49 in this section.

G. Implementation of the New Delhi Work Programme (Decision 7/CP.10)

COP 10 guidance

56. In decision 7/CP.10 on "*Status of, and ways to enhance, implementation of the New Delhi work programme on Article 6 of the Convention,*" paragraph 3, the COP urged the Global Environment Facility to continue its work in improving the access to, and visibility of, opportunities for funding Article 6 activities and in providing information on Article 6 activities in its reports to the Conference of the Parties.

GEF's response

57. The GEF Secretariat is consulting with the Convention Secretariat and Implementing Agencies to consider the possibility of further supporting public awareness and education activities on climate change in response to the guidance of COP 10.
58. Following the completion of the regional workshops organized by the Convention Secretariat on Article 6 activities, the Implementing Agencies are discussing project ideas with Parties that fit the GEF operational criteria and enhance public awareness in a cost-effective manner. COP will be kept informed on the progress on these activities.

H. Additional Guidance to an Operating Entity (Decision 8/CP.10)

COP 10 guidance

59. In decision 8/CP.10 on "*Additional guidance to an operating entity of the financial mechanism,*" paragraph 1, the COP requests the Global Environment Facility, as an operating entity of the financial mechanism, to take into account, on matters relating to capacity-building, the key factors identified

in paragraph 1 of decision 2/CP.10 in the context of projects of the operating entity of the financial mechanism, when supporting capacity-building activities in developing countries in accordance with decisions 2/CP.7 and 4/CP.9 and as defined in the Strategic Approach to Enhance Capacity-Building.⁹⁶

60. In decision 8/CP.10, paragraph 2, the COP urged the Global Environment Facility, on matters relating to Article 6 of the Convention, to continue its work in improving access to, and visibility of, opportunities for funding Article 6 activities.
61. In decision 8/CP.10, paragraph 3, the COP requested the Global Environment Facility to report to the Conference of the Parties at its eleventh session and at subsequent sessions on how activities identified in paragraph 6 of decision 1/CP.10 have been supported, and the barriers, obstacles and opportunities presented, through:
- (a) The strategic priority “Piloting an Operational Approach to Adaptation”
 - (b) The small grants programme
 - (c) Efforts to address adaptation in the climate change focal area and to mainstream it into other focal areas of the GEF
 - (d) The Least Developed Countries Fund and efforts to finance the preparation of national adaptation programmes of action
 - (e) The Special Climate Change Fund
62. In decision 8/CP.10, paragraph 4, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, to make available further financial and technical resources to implement the actions identified in paragraph 7 of decision 5/CP.7.
63. In decision 8/CP.10, paragraph 5, the COP requested the Global Environment Facility to expand support for the elaboration of adaptation strategies as part of the national communication process in Parties not included in Annex I to the Convention.
64. In decision 8/CP.10, paragraph 6, the COP requested the Global Environment Facility to include in its report to COP 11 information on specific steps undertaken to implement this decision.
65. In decision 8/CP.10, paragraph 7, the COP invited the Global Environment Facility to provide feedback to the COP, at its twelfth session (November 2006), on activities undertaken in response to decision 5/CP.7, paragraphs 22–29 (in accordance with decisions 6/CP.7 and 7/CP.7), with a view to the Conference of the Parties adopting a decision on further action at its thirteenth session (November 2007).

GEF's response

Capacity building

66. See paragraphs 26 to 49 in this section.

Article 6

67. See paragraphs 57 and 58 in this section.

Activities to address the adverse impacts of climate change

68. See paragraphs 6 to 21 in this section.

⁹⁶ GEF/C.22/8.

National communications

69. The COP at its ninth session requested the GEF to closely monitor the performance of the global project to support the preparation of national communications and to provide financing in a timely manner for the preparation of national communications by non-Annex I Parties whose project activities are not covered by the global project.⁹⁷
70. Following the Operational Procedures for the Expedited Financing of National Communications from non-Annex I Parties⁹⁸, the majority of the countries have already requested GEF funds for the self-assessment exercise recommended as a first step in preparing project proposals for NC. Since April 2004, UNDP and UNEP have approved 103 country requests for assistance to conduct stocktaking.
71. Phase II of the NCSP began its activities in June 2005. Based on the success of the NCSP Phase I, the objective of this program is to provide technical assistance to all non-Annex I Parties in the preparation of their national communications. The NCSP will focus on sharing best practices, lessons learnt, knowledge network support, targeted training activities and the development of methodologies and tools.
72. One of the first activities of the NCSP is the organization of an initiation workshop for those countries already preparing their second national communications, to discuss implementation strategies for the different components of the national communications and technical assistance needs. Upon the kind invitation of the Government of Georgia, the workshop will be held in Tbilisi, Georgia from October 26 to 28, 2005. The participation of experts in this workshop will be funded from co-financing provided by the government of Switzerland.
73. Non-Annex I Parties are further being requested through a questionnaire to identify their technical assistance needs to ensure that NCSP and the Implementing Agencies tailor their services appropriately.
74. The Advisory Committee of the NCSP met in Seoul, Republic of Korea, on October 1, 2005, to discuss the work plan of the activities of the NCSP for the next two years to ensure that the implementation of the program is consistent with the guidance provided by the COP. In addition, each Implementing Agency has provided a full status report of the funding provided to non-Annex I Parties for the preparation of their national communications, and has reported not only on difficulties arising from implementation of GEF projects in countries, but also on success stories from which the lessons can be used and replicated. The Advisory Committee meeting was held back-to-back with a training workshop of the UNFCCC Consultative Group of Experts (CGE) on national communications.
75. The Chair of the CGE participated at the NCSP Advisory Committee meeting to report on CGE activities. This is to ensure full coordination between the NCSP and the CGE.

Impact of implementing response measures⁹⁹

76. Taking into account of previous relevant COP decisions, the GEF was requested to report on activities undertaken in response to decision 5/CP.7, paragraphs 22–29 (in accordance with decisions 6/CP.7 and 7/CP.7).
77. Much of the GEF assistance for renewable energy projects has supported research and development and use of renewable energy highlighting opportunities for diversification of supply in the energy sector. During the reporting period, the GEF funded 18 renewable energy projects totaling US\$123 million in GEF financing. In fact, during the 15-year history of the GEF, funding for renewable energy has been growing steadily, totaling nearly US\$1.2 billion (OP6 and OP7). Some of these projects were based

⁹⁷ Decision 4/CP.9.

⁹⁸ GEF/C.22/Inf.16.

⁹⁹ This part is included in the GEF report to COP 12.

in countries with economies that are highly dependent on income generated from the production, processing and export of fossil fuels.

78. The GEF has also followed the upsurge of activities financed by Annex II Parties to explore technological option of CCS, applied to large stationary sources of CO₂ emissions, as detailed above. A STAP report on this topic will be ready in time for events planned in 2007.

I. Assessment of Funding to Assist Developing Countries (Decision 9/CP.10)

COP 10 guidance

79. In decision 9/CP.10 on “Assessment of funding to assist developing countries in fulfilling their commitments under the Convention,” paragraph 1, the COP decided that the report on the assessment of funding necessary to assist developing countries in fulfilling their commitments under the Convention shall constitute an input of the COP to the fourth replenishment negotiations of the Global Environment Facility Trust Fund.
80. In decision 9/CP.10, paragraph 2, the COP urged the Global Environment Facility Council to ensure that adequate funding is available to enable developing countries to meet their commitments under the Convention, taking into account Article 4, paragraph 7, as well as Article 11, paragraph 5, of the Convention which provides that developed country Parties may also provide through bilateral, regional and other multilateral channels financial resources relating to the implementation of the Convention by developing country Parties.

GEF's response

81. Information on the GEF-4 replenishment process was included in the GEF report to COP 11.



Milan, Italy

XI. COP 9 Guidance and GEF Responses

1. The ninth session of the Conference of the Parties (COP 9) was held from December 1 to 12, 2003 in Milan, Italy. Decisions at COP 9 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 10.¹⁰⁰ The reporting period is FY 2004, from July 1, 2003, to June 30, 2004.

A. Report of the GEF to the COP (Decision 3/CP.9)

COP 9 guidance

2. In decision 3/CP.9 on "Report of the GEF to the COP," paragraph 1, the COP requested the Global Environment Facility to include, in its report to the tenth session of the Conference of the Parties:
 - (a) Information on the implementation of the strategic approach to enhancing capacity-building in response to decisions 2/CP.7 and 3/CP.7;
 - (b) Information on its support for the implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention.
3. Furthermore, SBSTA 24 invited SBI 25 to request the Global Environment Facility, when providing support for TNAs, in accordance with decisions 4/CP.9 and 5/CP.9, to take into account actions to address barriers and constraints as well as the creation of enabling environments and capacity gaps, identified by the non-Annex I Parties as contained in a synthesis report prepared by the UNFCCC Secretariat.¹⁰¹

GEF's response

Capacity building

4. Capacity building has always been a critical element of GEF climate change projects and more generally in almost all GEF activities. A review undertaken by the GEF Implementing Agencies to assess the role of capacity building in GEF projects found that GEF support for capacity building activities in all its focal areas exceeded US\$ 1.46 billion as of June 2002. The important role the GEF plays in the area of capacity building was recognized by the COP.¹⁰² It is also recognized that the GEF is not the only source to support countries' capacity building to implement the UNFCCC. A more comprehensive report on GEF support for capacity building will be disseminated separately at COP 10. The GEF report to COP 10

¹⁰⁰ GEF responses to COP 9 guidance are as of the date when the GEF report to COP 10 (FCCC/CP/2004/6) was compiled (October 7, 2004), unless stated otherwise. The GEF report to COP 10 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?prirref=600003268>.

¹⁰¹ FCCC/SBSTA/2006/INF.1.

¹⁰² Decision 10/CP.5.

focuses on the new GEF strategic approach to enhance capacity building and the implementation of this approach based on GEF projects approved during the reporting period.

5. With a view to preparing a comprehensive approach for developing the capacities needed at the country level to meet the challenges of global environmental action, the GEF Secretariat and UNDP managed the CDI in 2000 and 2001. The CDI was undertaken to: (i) make a broad assessment of capacity building needs of developing countries and countries with economies in transition; (ii) take stock of earlier and ongoing efforts to assist national capacity building; and (iii) prepare a strategy as a basis for strengthening the GEF portfolio. The results of the CDI were, at each stage, shared with the Parties to UNFCCC.
6. To further respond to requests from the conventions, including the capacity building framework contained in decisions 2/CP.7 and 3/CP.7 and based on the CDI results, the GEF Council approved a Strategic Approach to Enhanced Capacity Building in November 2003. The Strategic Approach proposed that resources be channeled through the following pathways: 1) national capacity self-assessments, 2) strengthening the capacity building components of GEF projects, 3) targeted capacity building projects within focal areas, and 4) activities to critical crosscutting capacity building needs, especially for LDCs and SIDS.
7. The proposed pathways are intended to complement each other and should together be able to cover capacity building at systemic, institutional, and individual levels for both non-Annex I countries and economies in transition and thus contribute directly and indirectly to the implementation of the capacity building framework of the UNFCCC. The GEF business plan for 2005-2007 identified capacity building as a strategic priority of the GEF within each of the focal areas as well as an additional cross cutting priority and anticipated resources to support capacity building in countries.

Technology transfer

8. Almost all climate change projects funded from the GEF Trust Fund are concerned with either the initial introduction of modern technologies in developing countries or dissemination and broadening of their application. As the discussion of technology transfer under the UNFCCC has identified, a number of factors related to capacity building and enabling environments are crucial for successful technology transfer. This insight as well as other aspects of the UNFCCC Technology Transfer Framework (decision 4/CP.7) has been further integrated in the GEF programming framework.

B. Additional Guidance to an Operating Entity of the Financial Mechanism (Decision 4/CP.9)

COP 9 guidance

9. In decision 4/CP.9 on "*Additional guidance to an operating entity of the financial mechanism*," paragraph 1, the COP decided that the Global Environment Facility, as an operating entity of the financial mechanism, should:
 - (a) On matters relating to national communications:
 - i) Closely monitor the performance of the global project to support the preparation of national communications, including its effectiveness and efficiency, and continue to ensure that implementation of this project is consistent with the guidance provided by the Conference of the Parties;

- ii) Provide finance in a timely manner for the preparation of national communications by Parties not included in Annex I to the Convention (non-Annex I Parties) whose project activities are not covered by the global project;
 - (c) On matters relating to capacity-building:
 - i) Continue to provide financial support to non-Annex I Parties, in accordance with decision 6/CP.7, for the implementation of the capacity-building framework annexed to decision 2/CP.7;
 - ii) Take into account, in its work relating to the development of capacity-building performance indicators for the climate change focal area, the capacity-building framework annexed to decision 2/CP.7, and undertake this work in consultation with the Convention secretariat;
 - iii) Provide financial support to countries with economies in transition, within its mandate, for the implementation of the capacity-building framework annexed to decision 3/CP.7;
 - (d) On matters relating to transfer of technology, continue to support enabling activities relating to technology needs assessments.
10. In decision 4/CP.9, paragraph 2, the COP requested the Global Environment Facility:
- (a) To continue its support for education, training and public awareness activities relating to climate change;
 - (b) To operationalize the new strategic priority in the climate change focal area (Piloting an operational approach to adaptation) as soon as possible;
 - (c) To include in its report to the Conference of the Parties at its tenth session information on specific steps undertaken to implement this decision.
11. In decision 4/CP.9, paragraph 3, the Conference of the Parties invited the Global Environment Facility to give appropriate consideration to addressing the priority needs identified by non-Annex I Parties in their regional action plans relating to global observing systems for climate, noting the existence of other bilateral and multilateral agencies and mechanisms that support global climate observing systems.

GEF's response

- 12. To address the additional guidance, the GEF Secretariat and the Implementing Agencies reviewed current practices and considered whether new measures would be needed to ensure that the guidance was implemented. On-going approaches to other issues identified in the guidance will be continued and strengthened where necessary in response to country driven requests for projects.
- 13. The GEF has consistently strived to implement Convention guidance of the COP. Previous GEF reports to the COP have reported on these efforts. In addition to approval of GEF project activities in the climate change area, other activities undertaken during the reporting period responsive to earlier guidance as well as guidance contained in the relevant decisions adopted by the COP at its ninth session include measures to address national communications, climate change funds, capacity building, implementation of operational approach to adaptation, and other matters.

National communications

14. *Operational Procedures for the Expedited Financing of National Communications from Non-Annex I Parties*¹⁰³ have been circulated in November 2003 after the Council approved expedited support for second national communications in May 2003. In order to further streamline the approval process for individual projects under expedited procedures, the project entitled National Communications Program for Climate Change (hereafter referred to as National Communications Program) was approved by the Council in November 2003. Under this program, UNDP and UNEP are authorized to approve projects that are in conformity with the operational procedures. Funds were approved for expedited financing to up to 130 countries. It is forecast that approximately 100 countries will work with UNDP and 30 will work with UNEP. This forecast is based on experience and operations in assisting countries to prepare their first national communications. For countries wishing to work with the World Bank through expedited procedures, a similar programmatic approach may be approved by the Council.
15. On the basis of experience in assisting countries to prepare first national communications, a technical support program (the National Communication Support Program - NCSP) has also been approved, with the objective of assisting all recipient countries. Throughout the support program, feedback from the countries will be solicited so that the program can target its service in countries with implementation difficulties and improve its responsiveness to country needs.
16. This global project provides for monitoring of the implementation of the project through a number of institutional arrangements. The program's Advisory Committee focuses on co-ordination issues. The Committee meets at regular intervals to keep fully apprised of the implementation of the program and to ensure that the implementation of the project is consistent with the guidance provided by the COP and that finance is provided in a timely manner for the preparation of national communication by non-Annex I Parties. Each Implementing Agency and the Convention Secretariat are represented on the committee. Each agency will be requested to provide a full status report of the progress of the enabling activities it is managing. In particular, agencies are requested to report on difficulties arising from implementation of GEF projects in countries, experiences of monitoring and evaluation, and progress on capacity building and mainstreaming. The committee annually reviews activities of the Support Program taking into account country feedback. The Chair of the Consultative Group of Experts (CGE) in an ex-officio capacity will report to this Committee on the activities of the Consultative Group of Experts on non-Annex I National Communications to ensure full co-ordination and non-duplication of activities. This is in line with the conclusions of SBI 20 that called on the CGE to interact more closely with the NCSP and avoid duplication of efforts.
17. The Project Implementation Committee (UNDP, UNEP, World Bank) is responsible for reviewing management of technical issues. It meets every month through teleconference to ensure that close collaboration takes place between the Implementing Agencies for all activities, including issues related to the preparation of national communications by non-Annex I countries whose projects are not covered by the National Communication Program.

Capacity building

18. See paragraphs 4 to 7 in this section.

Technical needs assessment

19. Assistance for technology needs assessments was provided through additional financing, also known as "top-ups" to enabling activities for the first national communication. Around 100 non-Annex I countries received expedited funding for top-ups as of June 2004. With the start of the National Communication Program, a new practical and expeditious modality has been suggested for the GEF continued support of technology needs assessments for those countries that have not received "top-ups".

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20. Expedited funding for technology needs assessments for those countries that have not yet received financial assistance and are working with an Implementing Agency on the preparation of the second national communication should include in the budget for the second national communication a budget for the technical needs assessment. If a country chooses not to initiate its next national communications, but wishing to prepare a technology needs assessment, it should approach the Implementing Agency with which it works. Experience from past efforts has demonstrated that budgetary allocations for technology needs assessments averaged approximately US\$50,000. The Implementing Agencies have been authorized to provide up to this amount of resources for those countries which have not yet requested support for their technology needs assessments.

Implementation of operational approach to adaptation

21. At its meeting in November 2003, the GEF Council took note of the GEF Business Plan FY05 - 07 which proposes a new strategic priority: Piloting an Operational Approach to Adaptation. The COP at its ninth session requested the GEF to operationalize the new strategic priority in the climate change focal area as soon as possible and to include in its report to COP 10 information on specific steps undertaken to implement this decision.
22. Information on the operationalization of the strategic priority on piloting an operational approach to adaptation in document GEF/C.23/Inf.8/Rev.1 was circulated at the Council meeting in May 2004. This paper provides guidelines on how that new strategic priority will be implemented. The guidelines are designed to ensure that the strategic priority will lead to broad based results and lessons that will inform the international community as it seeks effective ways to respond to the issue of adaptation. The paper was developed in collaboration with the Implementing Agencies and STAP. The Convention Secretariat also contributed to discussions on the paper and collaborated with the GEF to analyze and summarize the results of the vulnerability and adaptation sections of first and, when available, second national communications.
23. *Strategic priority on adaptation.* The strategic priority on adaptation seeks to implement the UNFCCC guidance by supporting a portfolio of projects which will be designed to maximize the opportunity for learning and capacity building and will be representative of particularly vulnerable regions, sectors, geographic areas, ecosystems and communities. Such an approach will provide the GEF and its partners with the opportunity to implement and learn about adaptation within a wide scope, thereby providing valuable lessons and guidance for the international community as it moves forward in assisting developing countries to adapt to the impacts of climate change.
24. Operational guidelines. The operational guidelines¹⁰⁴ will be followed in developing projects for the strategic priority. The following points merit highlighting:
- (a) Activities to be funded should be country-driven, cost-effective and integrated into national sustainable development and poverty-reduction strategies. The adaptation measures will be guided such preparatory work as the first and second national communications, NAPAs, and other relevant country studies.
 - (b) The strategic priority on adaptation portfolio is designed to maximize the opportunity for learning and capacity building and will be representative of particularly vulnerable regions, sectors, geographic areas, ecosystems, communities.
 - (c) The experiences and lessons from the strategic priority on adaptation projects should be applicable in a wide context. The GEF will use experience from the strategic priority on adaptation to develop good practices and estimates of the costs of adaptation to better mainstream adaptation into the full range of GEF activities.

¹⁰⁴ Annex C to the document GEF/C.23/Inf.8/Rev1.

- (d) The pilot or demonstration projects must include: (i) activities within a natural resources management context that generate global environmental benefits, and (ii) adaptation measures that provide other major development benefits (e.g. WEHAB, i.e. water, energy, health, agriculture, biodiversity).
 - (e) The existing eligibility criteria for GEF funding, such as country drivenness, ecological and financial sustainability, replicability, stakeholder involvement, M&E, will be applied to the projects submitted under the strategic priority on adaptation.
25. *Mainstreaming adaptation into the other GEF focal areas.* The projects funded under this strategic priority will build on and expand the scope of the existing adaptation experience of the GEF portfolio, which generates global environmental benefits and emphasizes linkages among all focal areas.
 26. Vulnerability and adaptation to climate change are becoming increasingly more relevant components in projects across all GEF focal areas. The GEF portfolio in biodiversity, international waters, and land degradation includes selected examples of activities that build capacity or support measures that help countries respond to the consequences of climate change. However, this support is typically indirect and rarely if ever undertaken specifically due to ongoing or expected climate risks. There would appear to be untapped opportunities to integrate adaptation concerns into these focal areas, thereby strengthening within GEF-financed projects the linkages between climate change and the attainment of other global environmental objectives.
 27. The GEF will work with its partners to ensure that greater attention is paid in all GEF projects to the issue of adaptation. At the end of the pilot, in addition to the lessons that are learned from the projects directly financed under the strategic priority, the GEF should also be able to point to a strengthened portfolio of activities in all areas that serve to enhance the capabilities of countries to adapt to climate change impacts in all focal areas. At the end of the pilot, adaptation should be fully mainstreamed in the GEF portfolio.
 28. *Mainstreaming adaptation into sustainable development.* Mainstreaming adaptation into sustainable development is an overall goal of GEF's support. Adverse impacts of climate change will negatively affect a country's sustainable development in diverse ways and across a number of key areas, including water resources, energy, health, agriculture, and biodiversity. Consequently, activities to address the challenges of adaptation will need to be placed within the context of a country's sustainable development policies and strategies. The overall goal of GEF's support in the area of adaptation will be to assist countries to mainstream adaptation into their development planning.

C. Further Guidance for the Operation of the SCCF (Decision 5/CP.9)

COP 9 guidance

29. In decision 5/CP.9 on "*Further guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the SCCF,*" paragraph 1, the COP decided that:
 - (a) The Special Climate Change Fund should serve as a catalyst to leverage additional resources from bilateral and other multilateral sources;
 - (b) Activities to be funded should be country-driven, cost-effective and integrated into national sustainable development and poverty-reduction strategies;
 - (c) Adaptation activities to address the adverse impacts of climate change shall have top priority for funding;

- (d) Technology transfer and its associated capacity-building activities shall also be essential areas to receive funding from the Special Climate Change Fund.
30. In decision 5/CP.9, paragraph 2, the COP decided also that the implementation of adaptation activities shall be supported through the Special Climate Change Fund, taking into account national communications or national adaptation programmes of action, and other relevant information provided by the applicant Party, and include:
- (a) Implementation of adaptation activities where sufficient information is available to warrant such activities, inter alia, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountain ecosystems, and integrated coastal zone management;
 - (b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early warning systems, and in this context improving disease control and prevention;
 - (c) Supporting capacity-building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;
 - (d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible.
31. In decision 5/CP.9, paragraph 3, the COP decided that resources from the Special Climate Change Fund shall be used to fund technology transfer activities, programmes and measures that are complementary to those currently funded by the Global Environment Facility taking into account national communications or any other relevant documents in accordance with decision 4/CP.7 and its annex containing the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention, in the following priority areas:
- (a) Implementation of the results of technology needs assessments;
 - (b) Technology information;
 - (c) Capacity-building for technology transfer;
 - (d) Enabling environments.
32. In decision 5/CP.9, paragraph 4, the COP decided further that activities under paragraph 2 (c) and (d) in decision 7/CP.7 are also to be funded by the Special Climate Change Fund.
33. In decision 5/CP.9, paragraph 5, the COP requested the entity entrusted with the operation of the fund to arrange expedited access to the Special Climate Change Fund in keeping with current practices of the Global Environment Facility, taking into account the need for adequate resources to implement eligible activities, programmes and measures.
34. In decision 5/CP.9, paragraph 6, the COP invited the entity entrusted with the operation of the Special Climate Change Fund to make the necessary arrangements to mobilize resources to make the fund operational without delay;

35. In decision 5/CP.9, paragraph 7, the COP requested the entity referred to in paragraph 5 above to include in its report to the Conference of the Parties, at its tenth session, the specific steps it has undertaken to implement this decision.

GEF's response

36. The GEF Secretariat, the Implementing Agencies and the Convention Secretariat are collaborating on how best to respond to the guidance on the new funds.
37. For purposes of making the fund operational a number of meetings were scheduled in 2004 to discuss programming for the SCCF and mobilization of resources for the Fund. Two meetings were held at the World Bank Conference Center in Paris on July 1, 2004, and September 29, 2004. A meeting at which donors will be invited to make pledges to the SCCF will be convened in Washington on November 15.
38. The GEF will submit a programming document for the SCCF to the Council for endorsement at its meeting in November 2004, together with information on the resources initially mobilized for the fund. This report will also be available at COP 10. It is expected that the fund will begin to finance projects in 2005.

D. Further Guidance for the Operation of the LDCF (Decision 6/CP.9)

COP 9 guidance

39. In decision 6/CP.9 on "*Further guidance for the operation of the LDCF*," paragraph 1, the COP decided to adopt the further guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Least Developed Countries Fund, as set out in paragraphs 2 and 3 below.
40. In decision 6/CP.9, paragraph 2, the COP requested the entity to support the implementation of national adaptation programmes of action as soon as possible after their completion.
41. In decision 6/CP.9, paragraph 3, the COP requested the entity to take into account, inter alia, the following elements when developing operational guidelines for funding of the implementation of national adaptation programmes of action:
- (a) Ensuring a country-driven approach, in line with national priorities, which ensures cost-effectiveness and complementarity with other funding sources;
 - (b) Equitable access by least developed country Parties to funding for the implementation of national adaptation programmes of action;
 - (c) Criteria for supporting activities on an agreed full-cost basis, taking account of the level of funds available;
 - (d) Guidelines for expedited support;
 - (e) Urgency and immediacy of adapting to the adverse effects of climate change;
 - (f) Prioritization of activities.

42. In decision 6/CP.9, paragraph 5, the COP requested the entity to include in its report to the Conference of the Parties information on the specific steps it has undertaken to implement this decision as well as the preparation of national adaptation programmes of action.
43. In decision 6/CP.9, paragraph 5, the COP decided to assess progress in the implementation of this decision (6/CP.9) and consider the adoption of further guidance at its tenth session.

GEF's response

44. The GEF Secretariat, the Implementing Agencies and the Convention Secretariat are collaborating on how best to respond to the guidance on the new funds.
45. From November 6, 2002, to June 2004, total contributions for the LDC Trust Fund amount to US\$ 16.5 million, received by the Trustee from Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, and Switzerland.
46. Projects for the preparation of NAPAs in 43 countries have been approved as of June 2004. The total approved resources for 43 national NAPAs and two global support projects are US\$ 9.4 million.¹⁰⁵
47. Among the 48 Least Developed Countries Parties to the UNFCCC, five (Angola, Equatorial Guinea, Myanmar, Nepal, and Solomon Islands) have yet to receive financing for the preparation of NAPAs. Solomon Islands is currently working with UNDP, in consultation with UNEP, to prepare a project proposal. UNEP is also working with Myanmar and Nepal to prepare their project proposals. UNDP and UNEP have agreed to consult in order to initiate work with Angola and Equatorial Guinea on developing their project proposals.
48. Most of the approved projects foresee the completion of the NAPA within a period of 12 to 18 months. It is expected that the first NAPAs will be completed in the first three months in 2005.⁸ The decision of the COP requests Parties to make completed NAPAs available to the GEF and to the Convention Secretariat for further dissemination to the Parties to the Convention. At the request of the Chair of the LDC Expert Group,⁹ the approved project documents to provide assistance for the operation of NAPAs are now posted on the GEF website: www.theGEF.org.
49. The GEF is preparing proposals to take into account the elements listed in decision 6/CP.9 when financing the implementation of NAPAs. These proposals will be presented to the Council for information at its meeting in November 2004 and will also be made available to COP 10.

¹⁰⁵ The number does not include 11% fees for the Implementing Agencies.



New Delhi, India

XII. COP 8 Guidance and GEF Responses

1. The eighth session of the Conference of the Parties (COP 8) was held from October, 23 to November 1, 2002 in New Delhi, India. Decisions at COP 8 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 9.¹⁰⁶ The reporting period of the report is from June 1, 2002 to June 30, 2003.

A. Review of the Financial Mechanism (Decision 5/CP.8)

COP 8 guidance

2. In decision 5/CP.8 on “*Review of the financial mechanism*,” paragraph 1, the COP requested the Global Environment Facility to report to the Conference of the Parties at its ninth session on progress in the implementation of its plan of action developed in response to the recommendations of the Second Overall Performance Study of the Global Environment Facility, and also on how it has taken into consideration the recommendations of the second review of the effectiveness of the financial mechanism by the Conference of the Parties.
3. In decision 5/CP.8, paragraph 2, the COP requested the Global Environment Facility secretariat, in consultation with the Convention secretariat, to initiate a dialogue in order to implement more effectively the guidance provided by the Conference of the Parties to the Global Environment Facility as an entity operating the financial mechanism, drawing upon the experience gained and lessons learned from the projects and programmes funded by the Global Environment Facility, and to explore opportunities for streamlining guidance, and to report on the outcome of this dialogue in its report to the Conference of the Parties at its tenth session.
4. In decision 5/CP.8, paragraph 3, the COP requested the Convention secretariat, in consultation with the secretariat of the Global Environment Facility, to prepare for consideration by the Subsidiary Body for Implementation at its twentieth session a report on the implementation of decisions 12/CP.2 and 12/CP.3 in accordance with Article 11 on the determination of funding necessary and available for the implementation of the Convention.
5. In decision 5/CP.8, paragraph 4, the COP invited the Global Environment Facility:
 - (a) To review, in cooperation with the implementing and executing agencies as well as national focal points, its project cycle, with a view to making it simpler and more efficient, taking into account the lessons learned and the findings of the Global Environment Facility Monitoring and Evaluation Unit;

¹⁰⁶ GEF responses to COP 8 guidance are as of the date when the GEF report to COP 9 (FCCC/CP/2003/3) was compiled (September 29, 2003), unless stated otherwise. The GEF report to COP 9 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600002618>.

- (b) To continue its efforts to increase the administrative efficiency and cost-effectiveness of its operations in line with the recommendations of the Second Overall Performance Study of the Global Environment Facility and the Beijing Declaration;
- (c) To continue to make the concept of agreed incremental costs and global benefits more understandable, recognizing that the process for determining incremental costs should be transparent, flexible and pragmatic, consistent with the Beijing Declaration;
- (d) To strengthen efforts to promote consistency of Global Environment Facility activities with national priorities and to integrate them into national planning frameworks, such as national sustainable development strategies and poverty reduction strategies.

GEF's response

- 6. Guidance to the financial mechanism concerning policies, program priorities, and eligibility criteria is mainly contained in the decisions of the COP. Five additional decisions adopted by the COP at its eighth session in 2002 are of direct relevance to the GEF.
- 7. In these decisions, the COP welcomed the successful and substantial third replenishment of the GEF Trust Fund, as well as the Beijing Declaration of the GEF's Second Assembly. The COP also requested that the GEF make its project cycle and concept of incremental costs simpler, more efficient, and transparent. These recommendations are also consistent with the Beijing Declaration of the Second GEF Assembly.
- 8. The GEF Council will keep under annual review an action plan describing steps to respond to the recommendations.¹⁰⁷ The proposed action plan includes actions that respond to Convention guidance in areas concerning capacity building, strategic planning, streamlining the project cycle, incremental costs, transfer of technology and private sector.

Effective implementation of the COP guidance

- 9. Both the GEF Council and the COP requested the GEF Secretariat to initiate, in consultation with the Convention Secretariat, a dialogue in order to implement Convention guidance more effectively on the basis of its experience with projects and programs, and to explore opportunities to streamline guidance to the financial mechanism. A process of closer consultations was initiated between the two secretariats to strengthen collaboration and to renew regular communication and information exchange. This process aims to facilitate greater coherence between the guidance of the COP and GEF financing assistance. A number of activities reflected in the current report have already benefited from this process of increased inter-secretarial cooperation.

Streamlining the project cycle

- 10. The GEF is further streamlining the project cycle to respond to requests of the Convention and the GEF Council. This will aim to meet the objective of "driving for results" through efforts to improve operational efficiency and balance the focus between project preparation and implementation. Efforts are also aimed at further modification of the project review criteria undertaken by the GEF and establishment of project supervision and management service norms to be met by the Implementing Agencies. An up-dated project cycle paper will be submitted to the Council in November 2003.

Consultation with the Convention secretariat¹⁰⁸

- 11. The GEF Secretariat and the Convention Secretariat continue to collaborate on matters relevant to the Convention through bilateral meetings, participation of appropriate representatives in working groups

¹⁰⁷ GEF/C.21/Inf.4.

¹⁰⁸ This part is included in the GEF report to COP 10.

and task forces, joint hiring of consultants, and frequent communication. In addition to the cooperation on issues related to the *National Communication Program for Climate Change*, the Strategic Priorities on Adaptation, capacity building, and the Climate Change funds, the two secretariats have initiated discussions on issues related to follow-up to paragraph 2 of decision 5/CP.8.

B. Additional Guidance to an Operating Entity (Decision 6/CP.8)

COP 8 guidance

12. In decision 6/CP.8 on “*Additional guidance to an operating entity of the financial mechanism*,” paragraph 1, the COP decided that the Global Environment Facility, as an operating entity of the financial mechanism, should:
- (a) On matters relating to national communications:
 - i) Provide financial resources at an appropriate level to cover the requirements of the guidelines annexed to decision 17/CP.8¹⁰⁹, in an expedited manner, by an operating entity of the financial mechanism of the Convention, on an agreed full cost basis for the preparation of national communications, as well as capacity-building activities relating to the preparation of national communications pursuant to decision 2/CP.7, and in particular paragraphs 1 (c), 3, 4 and 5 of decision 6/CP.7;
 - ii) Continue to provide funding to Parties that have initiated the process of preparing second national communications and received funding under the expedited procedures or on an agreed full cost basis prior to the approval of the guidelines annexed to decision 17/CP.8.
 - (b) On matters relating to capacity-building: further the prompt implementation of decision 2/CP.7, taking into account paragraphs 3, 4 and 5 of decision 6/CP.7, and also take into account decisions 2/CP.7, 3/CP.7 and 6/CP.7 when developing its “Elements of strategic collaboration and a framework for GEF action for capacity-building on the global environment” to be presented to the Council of the Global Environment Facility in May 2003;
 - (c) On matters relating to transfer of technologies: provide financial resources to non-Annex I Parties, in particular the least developed country Parties and the small island developing States among them, in accordance with decision 4/CP.7, through its climate change focal area and the Special Climate Change Fund established under decision 7/CP.7, for the implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention, contained in the annex to decision 4/CP.7;
 - (d) On matters relating to Article 6: provide financial resources to non-Annex I Parties, in particular the least developed country Parties and the small island developing States among them, in accordance with decisions 11/CP.1 and 6/CP.7, to support the implementation of the work programme on Article 6 of the Convention contained in the annex to decision 11/CP.8;
 - (e) On matters relating to the report of the Global Environment Facility to the Conference of the Parties: include in its report to the Conference of the Parties detailed information in accordance with the conclusions of the Subsidiary Body for Implementation,¹¹⁰ at its seventeenth session, on the report of the GEF.

¹⁰⁹ Decision 17/CP.8.

¹¹⁰ FCCC/SBI/2002/17, paragraphs 22–24.

13. In decision 6/CP.8, paragraph 2, the COP requested the Global Environment Facility to include in its report to the COP at its ninth session information on the specific steps undertaken to implement the provisions of this decision.

GEF's response

National communications

14. In response to this new guidance, the GEF Secretariat, in consultation with the GEF Implementing Agencies and Convention Secretariat, is preparing operational guidelines for the expedited funding of national communications on the basis of decision 17/CP.8. These guidelines are expected to be finalized prior to the ninth session of the Parties. Once the guidelines are finalized, the GEF expects to begin to assist countries in the development and approval of projects for the preparation of second national communications.

Capacity building

15. Capacity building is a critical element of GEF climate change projects and more generally in almost all GEF activities. A review undertaken by the GEF Implementing Agencies to assess the role of capacity building in GEF projects found that 96 % of the UNDP projects, 100 % of the UNEP projects and 86 % of the World Bank projects have capacity development components. In addition, some projects are designed primarily to address capacity needs.
16. GEF support for capacity building activities as of June 2002 exceeds \$1.46 billion. The largest source of financial support for capacity building is through mitigation projects, which typically include large components providing for training, information dissemination, institution building, and related activities. Additional support is provided through funding of national communications and other enabling activities. A table listing GEF support to countries for first national communications of non-Annex I countries, additional financing for capacity assessment, and relevant regional and global projects is attached as Annex B of the GEF report to COP 9. It should also be noted that GEF resources provided through other focal areas (biodiversity, land degradation, ozone, and international waters) often have cross-cutting benefits for climate change by supporting development of human resources and institutions supporting a range of global environmental goals.
17. GEF capacity building activities have focused on improving wind and energy resource data; providing technical and institutional support for building and appliance efficiency standards; adapting efficient boiler and other industrial technologies to the needs and circumstances of developing countries; supporting changes in utility regulatory policies to facilitate renewable energy technologies; improving business plans for small and medium enterprises with environmentally beneficial products; and in a myriad of other ways contributing to capacity development¹¹¹. In addition to all enabling activity projects, 20 out of the 26 medium and full-sized projects approved during this reporting period, explicitly incorporate capacity building activities. The regional project titled "*Capacity Building for Improving the Quality of Greenhouse Gas Inventories*" is designed primarily to address capacity needs for West and Francophone Central Africa.
18. The GEF is increasing its support of capacity building and the GEF Business Plan for FY 04-06¹¹² proposes the preparation and approval of a strategic framework to give greater focus to capacity building in the GEF consistent with recent decisions by the World Summit on Sustainable Development (WSSD) and the Second GEF Assembly. The GEF capacity building strategy will build on the results of the CDI undertaken in partnership with UNDP and includes four elements: (i) clearer identification

111 The GEF provided to SBI 18 in June 2003 information on progress in the implementation of capacity-building projects and programs responding to the capacity-building framework for developing countries. These submissions are compiled in documents FCCC/SBI/2003/MISC.2 and FCCC/SBI/2003/MISC.5.

112 GEF/C.21.9.

of capacity building elements in GEF investment projects; (ii) targeted capacity building within the focal areas; (iii) clarifying the scope of enabling activities to focus more on assisting countries to meet their reporting requirements under the conventions; and (iv) cross-cutting capacity building projects to allow countries to establish the basic capacity needed to meet global environmental goals and to meet requirements for accessing GEF funds for projects. The strategy will also take into consideration the various decisions of the COP on capacity building. An increasing percentage of GEF resources is anticipated for capacity building over the four fiscal years covered by the Business Plan. Targets, indicators, and details of the strategy are to be submitted for Council review in November 2003.

19. Another important component of the GEF capacity building framework aims to further help developing countries access GEF funding for capacity building. As reported to COP 8, the Council in May 2002 approved resources for the preparation of NCSA at the country level. The primary objective of the assessments by countries of their capacity needs is to identify country level priorities and needs for capacity building to address global environment issues, in particular in the areas of biological diversity, climate change, and land degradation. By identifying gaps in capacity, countries are encouraged to develop a plan of action to fill the gaps. One key principle of NCSAs is that they must respond to national priorities and be country driven, undertaken by national institutions and experts to the extent feasible. NCSAs will contribute to identifying national capacity building needs in the area of climate change. As of June 2003, projects of up to US\$200,000 per country have been approved for 48 countries, and another 50 country applications are in the pipeline.

Other related activities

20. The COP asked the GEF to provide financial support to non-Annex I Parties for technology transfer, education, training, and public awareness in furtherance of Article 6 of the Convention and related COP decisions. Substantive reporting on the GEF activities to support transfer of technology and implementation of Article 6 is contained in the GEF report to COP 8. The GEF has also prepared a targeted publication in this issue, 10 Cases of Technology Transfer, that was circulated at COP 6. A recent survey of GEF projects approved in the last three years in the climate change area shows that many projects include transfer of technology and most include components addressing public awareness, education activities and community involvement. The GEF will continue to support these activities in accordance with the guidance of the COP and requests of developing country Parties.

GEF Strategic planning and strategic priorities in the area of climate change

21. Decision 6/CP.8 requests the GEF to "include in its report to the COP detailed information in accordance with the conclusions of the SBI 17." In its conclusions, the SBI noted that as reflected in the Beijing Declaration of the Second GEF Assembly, the GEF should enhance its strategic business planning for the allocation of scarce GEF resources to high priority areas for developing country Parties, taking into account national priorities.
22. The Second Overall Performance Study (OPS2) and the Policy Recommendations of the Third Replenishment also recommended that the GEF undertake strategic business planning to enhance impacts of GEF supported activities.
23. Strategic business planning aims to direct allocation of GEF resources in a manner that catalyzes actions towards maximizing global environmental impacts. There are two major imperatives that drive GEF's strategic business planning. First, as a learning-based institution, the GEF periodically needs to take stock and factor in extensive implementation experience emerging from its portfolio. Second, in recent years, as demand for GEF support has surpassed the financial resources available to the GEF Trust Fund, there has been an increasing need to match the demand with the supply of GEF resources, employing factors beyond simple eligibility criteria.
24. Strategic priorities define the major themes and approaches under which resources would be programmed within each of the focal areas. These priorities, consistent with the operational programs,

guidance from the conventions, and country priorities in each focal area, reflect a sharpening of approach as follows:

- *Lessons from the portfolio.* The Second Overall Performance Study and other reports and studies from the GEF Monitoring and Evaluation Unit have provided substantial insight from project implementation and impacts at both the project and program level that need to be reflected in the future portfolio. In addition, there is a rich body of experience with non-GEF supported efforts towards global sustainability. These lessons also provide guidance on how to target convention guidance and national priorities more closely, and achieve results on the ground.
 - *Sequencing of response to convention priorities.* The current practice ensures that GEF projects are consistent with convention priorities by requiring projects to conform to the criteria of an Operational Program that reflects convention guidance. GEF needs to progress to an approach where response to convention guidance is strategically sequenced while maintaining the flexibility to program resources to meet the evolving needs of the conventions and to program for synergies across the various conventions.
 - *Responsiveness to national priorities.* Targeting the highest national priorities more actively through review of national reports, assessments, strategies, plans, and dialogue, in addition to relying upon country focal point endorsement.
 - *Incorporation of scientific and technical advice.* Identifying the priority interventions, consistent with scientific knowledge, through the work of the STAP, to reduce global environmental risks.
 - *Portfolio gaps.* Identifying gaps in the GEF portfolio and niches for innovation that need to be explored.
25. In the climate change focal area, GEF support during the first decade has focused largely on mitigation. The portfolio has tried and tested a range of project approaches and interventions, with an emphasis on the long-term, but also with some short-term measures. As the second decade begins, it is proposed that there be an acceleration in the shift from technology-based towards market-based approaches, emphasizing policies and institutions towards enhancing sustainable development benefits. In addition, activities in climate change area will expand support for vulnerability assessment and adaptation.
26. At its meeting in May 2003 the GEF Council approved an initial set of strategic priorities. These priorities will be reviewed annually by the Council. The initial priorities approved in the area of climate change are:
- (a) Transformation of Markets for High Volume Energy Efficient Products and Processes - to catalyze both demand and supply with relatively small resource inputs, resulting in a significant and lasting market penetration or transformation;
 - (b) Increased Access to Local Sources of Financing for Renewable Energy and Energy Efficiency - to provide capital for investment in (near-) commercial energy efficient equipment, energy conservation or renewable energy technologies for modern energy services;
 - (c) Power Sector Policy Frameworks Supportive of Renewable Energy and Energy Efficiency – to incorporate clean energy into energy policy frameworks;
 - (d) Productive Uses of Renewable Energy – to provide income generation and other essential social services in the application of renewable energy technologies;
 - (e) Global Market Aggregation and National Innovation for Emerging Technologies – to support the reduction of cost in the long run of emerging clean energy technologies; and

- (f) Modal Shifts in Urban Transport and Clean Vehicle/Fuel Technologies – to promote the use of less energy intensive transportation through public transit (such as bus rapid transit), non-motorized transport (such as bicycles and pedestrian areas), and non-technology measures (such as traffic demand management and economic incentives).

C. Initial Guidance for the Operation of the SCCF (Decision 7/CP.8)

COP 8 guidance

27. In decision 7/CP.8 on "*Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Special Climate Change Fund*," paragraph 1, the COP decided that, for the operation of the Special Climate Change Fund, the Global Environment Facility, as an entity entrusted with the operation of the financial mechanism of the Convention, should:
 - (a) Promote complementarity of funding between the Special Climate Change Fund and other funds with which the operating entity is entrusted;
 - (b) Ensure financial separation of the Special Climate Change Fund from other funds with which the operating entity is entrusted;
 - (c) Ensure transparency in the operation of the Special Climate Change Fund;
 - (d) Adopt streamlined procedures for the operation of the Special Climate Change Fund while ensuring sound financial management;
28. In decision 7/CP.8, paragraph 2, the COP decided to further define the prioritized activities, programmes and measures to be funded out of the Special Climate Change Fund in areas enumerated in paragraph 2 of decision 7/CP.7 by undertaking the activities described below:
 - (a) Initiating a process now with a view to providing further guidance to the Global Environment Facility, this process to consist of:
 - i) Requesting Parties to submit to the secretariat, by February 15, 2003, views on activities, programmes and measures referred to in paragraph 2 of decision 7/CP.7;
 - ii) Requesting the Expert Group on Technology Transfer and the Least Developed Countries Expert Group to submit to the secretariat, as soon as possible, views, relevant to their mandates, on activities, programmes and measures referred to in paragraph 2 of decision 7/CP.7;
 - iii) Requesting the secretariat to prepare for consideration by SBI 18, a report summarizing and analyzing the above-mentioned submissions;
 - (b) Upon completion of such a process, a decision at its ninth session will provide guidance to the Global Environment Facility in order for the Global Environment Facility to operationalize the fund without delay thereafter.

GEF's response

29. Once guidance is received from the COP with regard to the SCCF, the GEF will mobilize resources for those funds to make them operational.

D. Guidance for the Operation of the LDCF (Decision 8/CP.8)

COP 8 guidance

30. In decision 8/CP.8 on "*Guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Least Developed Countries Fund*," paragraph 1, the COP decided to adopt the following additional guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Least Developed Countries Fund established under decisions 5/CP.7 and 7/CP.7.
31. In decision 8/CP.8, paragraph 2, the COP requested the Global Environment Facility, including its implementing agencies, to ensure the speedy release and disbursement of funds and timely assistance for the preparation of national adaptation programmes of action.
32. In decision 8/CP.8, paragraph 3, the COP requested the entity in its capacity referred to in paragraph 1 above to support, where sufficient voluntary funding has not been provided from bilateral sources, the organization, under the guidance of the Least Developed Countries Expert Group, of four regional workshops in 2003 (one in Africa for francophone least developed countries, one in Africa for anglophone least developed countries, one in Asia, and one in a small island developing State) to advise least developed countries in order to advance the process for preparing national adaptation programmes of action in these regions.
33. In decision 8/CP.8, paragraph 4, the COP requested the entity referred to in paragraph 1 above to undertake the necessary arrangements for the implementation of the above-mentioned guidance, and to include in its report to COP 9 the specific steps it has undertaken to implement this guidance.
34. In decision 8/CP.8, paragraph 6, the COP invited all Parties, and the Least Developed Countries Expert Group, and the Global Environment Facility and its implementing and executing agencies, to submit to the secretariat, by April 15, 2003, views on strategies for implementing national adaptation programmes of action and ways and means to address the various elements of the least developed countries work programme, in order to meet the urgent and immediate adaptation needs of least developed countries, for consideration by Parties at SBI 18.

GEF's response

35. Pursuant to the guidance provided by the COP at its seventh and eighth sessions with regard to the LDCF, the GEF has moved ahead with making the LDCF fully operational. The World Bank, as the Trustee of the LDCF, has completed the legal and administrative arrangements necessary for the establishment and operation of the LDCF as a separate trust fund.
36. To mobilize resources to meet the requirement for the LDCF, a consultation with donors to the LDCF was organized by the GEF in Stockholm on September 26, 2002 at the kind invitation of the Swedish Government. Pledges amounting to over US\$11.6 million were announced or confirmed at the consultation while a number of other participants indicated that they were seriously considering making contributions to the fund although they were unable to pledge specific amounts at the consultation.
37. As of June 30, 2003, 10 donors, Canada, Denmark, Finland, France, Ireland, Italy, Netherlands, Norway, Spain and Sweden, had confirmed pledges to the LDCF totaling \$16 million. The cumulative resources available to the LDCF were \$9 million as of June 30, 2003. The remainder of the pledged amounts is

expected to be paid into the LDCF by early FY04. Commitments totaling \$5 million have been allocated by the GEF Council and CEO for projects.

38. The GEF's assessment of total funding requirements under the LDCF pursuant to the guidance of the Parties for FY 03 and 04 is about US\$12 million, based on the decision of the COP that the first priority under the fund is support to LDCs for the urgent preparation of NAPAs.
39. In pursuance of guidance from the eighth session of the COP calling on the LDC Trust Fund to support regional workshops to advance the preparation of NAPAs, UNDP, as the GEF Implementing Agency, working in consultation with the Convention Secretariat and the LDC Expert Group, prepared a medium sized project for this purpose. The project is being executed through the United Nations Institute for Training and Research (UNITAR). Parallel funding for the effort has been contributed by the Government of Switzerland. As of June of 2003, two of the workshops have been successfully held.
40. The following table lists the projects that have been approved under the LDC Trust Fund. Other projects were at an advanced stage of consideration as of June 2003.

E. Article 6 of the Convention (Decision 11/CP.8)

COP 8 guidance

41. In decision 11/CP.8 on "*New Delhi work programme on Article 6 of the Convention*," paragraph 6, the COP requested the GEF to provide financial resources to Parties not included in Annex I of the Convention (non-Annex I Parties), in particular the least developed countries and small island developing States among them, in accordance with decisions 11/CP.1 and 6/CP.7, to support the implementation of the work programme.

GEF's response

42. See paragraph 19 in this section.



Marrakech, Morocco

XIII. COP 7 Guidance and GEF Responses

1. The seventh session of the Conference of the Parties (COP 7) was held from October 29 to November 10, 2001 in Marrakech, Morocco. Decisions at COP 7 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 8.¹¹³ The reporting period is from July 1, 2001, to May 31, 2002.
2. In addition, the letter from the GEF CEO and Chairman to the Executive Secretary of the Convention submitting the Second Study of GEF's Overall Performance to COP 8 should be viewed as an additional input to this report. The study raises essential issues, such as how to improve the guidance from the COP and its dialogue with the GEF with a view to applying more strategic approaches at national, regional, and global levels to support the implementation of the Convention.

A. Capacity Building in Developing Countries (Decision 2/CP.7)

COP 7 guidance

3. In decision 2/CP.7 on "*Capacity building in developing countries (non-Annex I Parties)*," paragraph 5, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties.
4. In decision 2/CP.7, paragraph 6, the COP urged the operating entity of the financial mechanism to adopt a streamlined and expedited approach in financing activities within this framework.
5. In the Annex of decision 2/CP.7, the "*Framework for Capacity Building in Developing Countries*," under section D on Implementation, paragraph 22, it is stated that in response to the mentioned framework, the operating entity of the financial mechanism should elaborate a country-driven strategy for its capacity-building activities.
6. In the Annex of decision 2/CP.7, under section D on Implementation, paragraph 27, it is also stated that the results of activities conducted by the Global Environment Facility as a multilateral financial institution, including the Capacity Development Initiative, as well as activities undertaken by multilateral, bilateral and private sector entities, may be considered in further developing capacity-building activities within this framework at the regional and subregional levels.
7. In the Annex of decision 2/CP.7, under section D on Implementation, paragraph 32, it is mentioned that the Global Environment Facility, as an operating entity of the financial mechanism, is requested to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties.

¹¹³ GEF responses to COP 7 guidance are as of the date when the GEF report to COP 8 (FCCC/CP/2002/4) was compiled (August 23, 2002), unless stated otherwise. The GEF report to COP 8 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600001997>.

GEF's response

8. The GEF has followed the COP's deliberations on capacity building carefully, and attempted to keep pace with emerging decisions and guidance. The GEF's CDI, concluded in May 2001, echoed the COP's desire to bring capacity building into an identifiable and focused set of activities with clearly stated objectives. The results of the CDI were, at each stage, shared with the Parties to the UNFCCC. The emerging framework for capacity building in decisions of the COP was recognized by the CDI, and its final output maintains the centrality of the Parties' decisions with regard to capacity building for climate change.
9. With regard to the LDC, the GEF responded to a general need expressed by Parties to the UNFCCC during deliberations in the SBI meetings of June 2001 for building the capacities of climate change focal points in LDCs to obtain, handle and exchange data and improve electronic communication with the UNFCCC Secretariat. A global enabling activity proposal, prepared by UNITAR and UNDP, was approved by the CEO and Chairman of the GEF in September 2001 (total GEF financing of US \$904,000). The project is nearing completion and has provided information/technology support and training to climate change focal points in LDCs.
10. While the GEF stands ready to respond to the COP guidance on capacity building, modalities will need to be kept under review in the context of the new convention funds proposed and the relationship between the activities each fund supports. Decisions on capacity building adopted at the seventh session of the COP will be factored into the revised paper on 'Elements of strategic collaboration and a framework for GEF action for capacity building or the global environment' to be presented for Council's consideration in May 2003.
11. Apart from the above mentioned activities, capacity building opportunities continue to be available through regular GEF projects and enabling activities for the preparation of first national communications. Additional GEF funding is available for interim measures for capacity building in priority areas identified by COP 5.¹¹⁴ Recently, funding has also been made available for national self assessments of capacity building needs, as approved by the GEF Council in May 2001. GEF also supports activities aimed at strengthening public awareness and education as part of its support for capacity building in the area of climate change.

National capacity needs self assessments

12. The primary objective of the assessment by countries of their capacity needs is to identify country level priorities and needs for capacity building to address global environmental issues, in particular biological diversity, climate change, and land degradation, with the aim of catalyzing domestic and/or externally assisted action to meet those needs in a coordinated and planned manner. While these three thematic areas are central to the exercise, it is fully recognized that NCSAs will need to explore the synergies among them, as well as linkages with wider concerns of environmental management and sustainable development.
13. These initial NCSAs are not intended to be definitive and final, and that the identification of needs and priorities is a dynamic process which depends on a number of factors including emerging scientific and technological information, collective decisions through global environmental conventions, and the development of national policy frameworks. It is envisaged that the identification of capacity building needs will remain an ongoing process, beyond the initial NCSA. Countries are encouraged to determine the scope and coverage of the NCSA in this light.

¹¹⁴ Decision 10/CP.5.

14. NCSA outputs can be a useful and relevant framework for domestic action and external assistance for capacity building. However, NCSAs are neither a precondition for GEF assistance through regular projects and enabling activities, nor a necessary first step before launching capacity building activities in particular sectors. Countries where earlier work has identified capacity building needs may not feel the need to undertake NCSAs at all. It is expected that countries will closely follow the framework for capacity building developed by the COP in undertaking these needs assessments for the climate change focal area.
15. The GEF's *Operational Guidelines for Expedited Funding of National Self Assessment of Capacity Building Needs* were finalized in September 2001. Funds up to US\$200,000 per country are available through expedited procedure for undertaking NCSAs. In addition, *A Guide for Self Assessment of Country Capacity Needs for Global Environment Management* has been developed to assist countries as needed.

B. Development and Transfer of Technologies (Decision 4/CP.7)

COP 7 guidance

16. In decision 4/CP.7 on "*Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5)*," paragraph 3, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to provide financial support for the implementation of the annexed framework through its climate change focal area and the special climate change fund established under decision 7/CP.7.

GEF's response

17. Decision 4/CP.7 Development and transfer of technologies requested GEF financial support to assist countries to implement an agreed framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5 of the Convention. The framework describes five basic areas of activity: technology needs assessments; technology information; measures to create "enabling environments" conducive to technology transfer; capacity building; and mechanisms for technology transfer (defined as stakeholder coordination and cooperation to facilitate project development). The decision calls for financial support to be provided from the GEF Trust Fund as well as the special climate change fund.
18. In general the present scope and objectives of the GEF climate change focal area include activities such as those proposed in decision 4/CP.7. GEF climate projects often address technology needs assessments, information systems, capacity building elements, and mechanisms for technology transfer as defined in the decision. One distinction is that the GEF strategy and operational programs provide support for these activities within the context of broader actions and commitments to reduce greenhouse gas emissions.
19. Almost all GEF projects in the area of climate change provide for some transfer of technologies. A number of publications, such as, *10 cases of Technology Transfer* (available at the GEF website), *Renewable energy markets and the Global Environment Facility* (See Financial Times Renewable Energy Report no.12 (February 2000), pp 18-22), and *Promoting Energy Efficiency and Renewable Energy: GEF Climate Change Projects and Impacts* (available at the GEF website), illustrate examples of technology transfer supported by the GEF. Several GEF projects were also described in the *IPCC Special Report on Technology Transfer*.

20. In addition, several recent GEF projects specifically emphasize technology transfer, such as, UNDP *"Assessing Technology Needs project"* and UNEP *"Technology Transfer Networks project"*.

C. Implementation of Article 4, paragraphs 8 and 9 (Decision 5/CP.7)

COP 7 guidance

21. In decision 5/CP.7 on *"Implementation of Article 4, paragraphs 8 and 9, of the Convention,"* paragraph 7, the COP decided that the implementation of the following activities shall be supported through the Global Environment Facility (in accordance with decision 6/CP.7) and other bilateral and multilateral sources:

(a) Information and methodologies:

- i) Improving data collection and information gathering, as well as their analysis, interpretation and dissemination to end-users;
- ii) Integrating climate change considerations into sustainable development planning;
- iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration
- iv) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea-level rise, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);
- v) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training, education and scientific and technical support in specialized fields relevant to climate change, utilizing information technology as much as possible;
- vi) Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and climate change, oriented towards improving knowledge of the climate system at the regional level, and creating national and regional scientific capability;
- vii) Supporting education and training in, and public awareness of, climate change related issues, for example through workshops and information dissemination;

(b) Vulnerability and adaptation:

- i) Supporting enabling activities for vulnerability and adaptation assessment;
- ii) Enhancing technical training for integrated climate change impact and vulnerability and adaptation assessments across all relevant sectors, and environmental management related to climate change;
- iii) Enhancing capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;

- iv) Promoting the transfer of adaptation technologies;
 - v) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties and/or other relevant sources, and of the staged approach endorsed by the COP in its decision 11/CP.1;
 - vi) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;
 - vii) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change.
22. In decision 5/CP.7, paragraph 8, the COP also decided that the implementation of the following activities shall be supported through the special climate change fund (in accordance with decision 7/CP.7) and/or the adaptation fund (in accordance with decision 10/CP.7), and other bilateral and multilateral sources:
- (a) Starting to implement adaptation activities promptly where sufficient information is available to warrant such activities, inter alia, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;
 - (b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;
 - (c) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;
 - (d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible.
23. In decision 5/CP.7, paragraph 12, the COP decided that a least developed countries fund shall be established (in accordance with decision 7/CP.7), to be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support the work programme for the least developed countries. This work programme shall include, inter alia, the preparation and implementation of national adaptation programmes of action.
24. In decision 5/CP.7, paragraph 19, the COP decided that the implementation of the activities included in paragraphs 25 to 32 below shall be supported through the Global Environment Facility (in accordance with decision 6/CP.7), the special climate change fund (in accordance with decision 7/CP.7), and other bilateral and multilateral sources.
25. In decision 5/CP.7, paragraphs 25 to 32, the COP:
- (a) Encouraged Parties to cooperate in the technological development of non-energy uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end (paragraph 25);

- (b) Encouraged Parties to cooperate in the development, diffusion and transfer of less greenhouse gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort (paragraph 26);
- (c) Urged Annex II Parties to provide financial and technological support for strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities (paragraph 27);
- (d) Encouraged Annex II Parties to promote investment in, and to support and cooperate with, developing country Parties in the development, production, distribution and transport of indigenous, less greenhouse gas-emitting, environmentally sound,³ energy sources, including natural gas, according to the national circumstances of each of these Parties (paragraph 28);
- (e) Urged Annex II Parties to provide support for research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties (paragraph 29);
- (f) Decided to consider, at its eighth session, the implementation of insurance-related actions to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change, based on the outcome of the workshops referred to in paragraphs 37 and 38 below (paragraph 30);
- (g) Requested the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their subsequent sessions, the response by Parties to the actions listed in paragraphs 25 to 32 above (paragraph 31);
- (h) Requested the secretariat to organize regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation (paragraph 32).

GEF's response

- 26. Decision 6/CP.7 and decision 5/CP.7 as well as other decisions adopted at COP 7 provide additional guidance to the GEF on adaptation to the adverse impacts of climate change.
- 27. GEF activities related to adaptation can be summarized under the following three categories: a) GEF support for adaptation under the climate change area; b) GEF support for adaptation under other focal areas; and c) development of a GEF Adaptation Strategy.

GEF support for adaptation under the climate change focal area

- 28. The GEF has provided non-Annex I Parties with the opportunity to undertake Stage I adaptation activities through its climate change enabling activities aimed at supporting the preparation of national communications. In accordance with Article 4.3 of UNFCCC, funding for enabling activities covers the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12.1 of UNFCCC, which requires each Party to prepare a national communication.
- 29. To date, 132 countries have received financial support and technical guidance to assist them in preparing their first national communications. Total GEF funding for enabling activities to date is \$86.97 million.¹¹⁵ Some of these funds were used by recipient countries to conduct voluntary vulnerability and

¹¹⁵ This amount includes regional and global enabling activity projects that cover limited components of first national communications from non-Annex I Parties as well.

adaptation assessments within the context of their national communications.¹¹⁶ These studies have been carried out using the methodology first set out in the IPCC Technical Guidelines. In some instances, the results of these studies have been reported in the first national communications.

30. Within the context of Stage I adaptation efforts, GEF has also financed two regional enabling activity projects: (a) "*Caribbean Planning for Adaptation to Climate Change (CPACC)*"; and (b) "*Pacific Islands Climate Change Assistance Programme (PICCAP)*".
31. Stage I adaptation is not yet complete because not all countries have fully addressed their objectives. As of May 2002, 82 countries have formally submitted their national communications to the UNFCCC, and 79 of these communications were prepared with GEF funds. Many non-Annex I Parties have not completed their analysis of vulnerability. Only a few have identified policy options for adaptation. Work on Stage I adaptation will continue where needed, particularly to ensure that assessments of vulnerability address all potentially significantly vulnerable sectors and regions.
32. The GEF has also provided funding for Stage II activities in response to country requests. To date, six projects have been approved. These projects with Stage II adaptation activities are also being funded as climate change enabling activities within the context of national communications, and, therefore the GEF is providing funds for these projects based on the agreed full cost principle.

GEF support for adaptation under other focal areas

33. The GEF has also provided funds to adaptation related activities through projects that focus on biodiversity, land degradation and international waters. These projects illustrate the multi-disciplinary and cross-cutting nature of efforts to address the impacts of climate change. They also demonstrate how the GEF can use a multi-focal area approach to support adaptation activities that provide global environmental benefits.
34. One example of such funding is the project entitled, "*Climate, Water and Agriculture: Impacts on and Adaptation of Agro-Ecological Systems in Africa*". This targeted research project aims to develop multiple analytical methods and procedures for assessing the impact of climate change on agriculture in Africa, to estimate how climate affects the current agricultural system, and to project how climate change might affect this system in the future. This project intends to address methodological issues and develop suitable plans for adaptation, working closely with policy makers. GEF allocation to this project was \$0.70 million.
35. Similarly, a global International Waters targeted research project, "*Effects of Localized Anthropogenic Stress and Compounding Impacts of Climate Change on the Sustainability of Coral Reef Ecosystems and the Implications for Management under Integrated Land and Water Multiple Focal Area Operational Program*", has recently entered the GEF pipeline.

Development of GEF adaptation strategy

36. In addition to providing funds to adaptation projects, the GEF is currently preparing a comprehensive Adaptation Strategy that addresses the guidance provided by the COP to the GEF on adaptation. The goal of this paper is to identify elements of and options for a comprehensive framework for GEF to support adaptation related activities in accordance with its mandate to support projects that produce global environmental benefits within the context of sustainable development efforts in developing countries. In order to provide scientific guidance to the preparation of this strategy, the GEF STAP held an Expert Group Workshop on Adaptation to Climate Change in February 2002 in Nairobi, Kenya. The recommendations of the STAP workshop will be taken into account in developing the strategy.¹¹⁷ The

¹¹⁶ In addition, many countries have conducted independent impact studies aimed at the identification of vulnerable regions and sectors, and adaptation options with support from sources such as the U.S. Country Studies Program, the Netherlands, the European Union, and others.

¹¹⁷ GEF/C.19/Inf.12.

proposed strategy will be prepared in consultation with the Implementing Agencies, and other relevant stakeholders, and will be presented to the GEF Council. The strategy will also be made available to the COP.

37. On the LDCF and SCCF, see paragraphs 56 to 60 in this section.

D. Additional Guidance to an Operating Entity (Decision 6/CP.7)

COP 7 guidance

38. In decision 6/CP.7 on *"Additional guidance to an operating entity of the financial mechanism,"* paragraph 1, the COP decided that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the Global Environment Facility, as an operating entity of the financial mechanism, should provide financial resources to developing country Parties, in particular the least developed and the small island developing States among them, for the following activities, including those identified in paragraph 7 of decision 5/CP.7:
- (a) Strengthening, in particularly vulnerable countries and regions identified in stage I activities and especially countries vulnerable to climate-related natural disasters, the implementation of country-driven stage II adaptation activities, pursuant to decision 2/CP.4, paragraph 1 (a), that build upon work done at the national level, either in the context of national communications or of in-depth national studies, including national adaptation programmes of action (NAPAs);
 - (b) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications, or of in-depth national studies, including NAPAs, and of the staged approach endorsed by the COP in its decision 11/CP.1;
 - (c) Supporting the continuation of the "country-team" approach, which enhances the collection, management, archiving, analysis, interpretation and dissemination of data on climate change issues and increases national commitment to the implementation of the objective of the Convention;
 - (d) Enhancing the capacity of their subregional and/or regional information networks to enable such networks to serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems;
 - (e) Improving climate change related data collection (for example, local emission and regional factors) and information-gathering, as well as the analysis, interpretation and dissemination of these data to national policy makers and other end-users;
 - (f) Strengthening and, where necessary, establishing:
 - ii) National, subregional or regional databases on climate change;
 - iii) Subregional and/or regional climate change related institutions and "centres of excellence", to enable these institutions and centres to provide a supportive framework, which would include information retrieval and technical support;
 - (g) Developing and implementing, as appropriate, prioritized projects identified in their national communications;

- (h) Undertaking more in-depth public awareness and education activities and community involvement and participation in climate change issues;
- (i) Building the capacity, including, where appropriate, institutional capacity, for preventive measures, planning, preparedness for disasters related to climate change, including in particular, contingency planning for droughts and floods in areas prone to extreme weather events;
- (j) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;
- (k) Supporting the continuation of GEF-related programmes which assist Parties that are at various stages of preparing and/or completing their initial national communications.

39. In decision 6/CP.7, paragraph 2, the COP invited the Global Environment Facility:

- (a) To continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its implementing/executing agencies to the recipient countries of those projects;
- (b) Further to streamline its project cycle with a view to making project preparations simpler, more transparent and country-driven. In this regard, the project cycles of its implementing/executing agencies should be coordinated with the GEF project cycle;
- (c) To urge its implementing/executing agencies to be more responsive to requests for Global Environment Facility assistance from developing country Parties for climate change related project activities aimed at implementing the guidance of the COP;
- (d) Further to encourage the use of national and regional experts and/or consultants to enhance project development and implementation; in this regard, it should make its list of national and regional experts and/or consultants publicly available;
- (e) To give consideration to measures to increase opportunities available to developing country Parties for accessing GEF funds for climate change activities aimed at implementing the guidance of the COP, including a review of the adequacy of the number of implementing/executing agencies available to deliver GEF programmes and projects.

40. In decision 6/CP.7, paragraph 3, the COP urged the Global Environment Facility to adopt a streamlined and expedited approach to financing activities within the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision 2/CP.7.

41. In decision 6/CP.7, paragraph 4, the COP requested the Global Environment Facility to include in its report to the COP at its eighth session the specific steps it has taken to implement the provisions of this decision and to include information on its implementation of the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision 2/CP.7.

42. In decision 6/CP.7, paragraph 5, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, to provide financial support to implement the capacity-building framework annexed to decision 2/CP.7 and further to support, enhance and implement its capacity-building activities in accordance with this framework.

GEF's response

Support for adaptation

43. In response to decision 6/CP.7, paragraph 1(b), the SPA was approved in November 2003 and launched in 2005 as a \$50 million allocation within the GEF Trust Fund. The objective of SPA was to finance pilot and demonstration projects that generate real benefits in the field of adaptation by reducing vulnerability and increasing adaptive capacity to the adverse effects of climate change in vulnerable countries.¹¹⁸ In 2010, the GEF Evaluation Office carried out an independent evaluation of SPA, which concludes that the projects supported under the initiative succeeded in integrating climate resilience across several GEF focal areas. In particular, SPA supported no-regrets measures that generated multiple gains for adaptation, the global environment, and development. SPA represents an important step towards mainstreaming adaptation in the GEF Trust Fund.¹¹⁹

44. See also paragraphs 26 to 33 in this section.

Further streamlining the GEF project cycle

45. Issues raised by the GEF project cycle have been reviewed by the OPS2. Factors contributing to the time necessary to process proposals identified by the OPS2 team, include:

- (a) variations in the capacities of the UNDP and the World Bank country offices to initiate and facilitate projects;
- (b) delays in obtaining endorsements from national operational focal points for NGO executed projects;
- (c) the involvement of new and inexperienced country partners that require more extensive inputs from the Implementing Agency to enable them to navigate through GEF program priorities and operational procedures;
- (d) unclear and sometimes conflicting technical reviews from different sources in the Implementing Agencies and the GEF Secretariat that have added considerably to processing time;
- (e) adjustments in legal, procurement, and disbursement procedures of the Implementing Agencies to fit smaller projects in remote locations.

46. In addition to previous efforts to expedite GEF project procedures, the GEF and its Implementing Agencies are preparing further follow-up measures to respond to the guidance of the COP and policy recommendations made by the OPS 2 team. Relevant issues may also be considered in the context of the second review of the financial mechanism to be undertaken by the Convention.

Capacity building

47. See paragraphs 8 to 15 in this section.

E. Funding under the Convention (Decision 7/CP.7)

COP 7 guidance

48. In decision 7/CP.7 on "*Funding under the Convention*," paragraph 2, the COP decided that a special climate change fund shall be established to finance activities, programmes and measures, relating to

118 GEF Council documents GEF/C.22.6 (November 2003), pp. 5–7; and GEF/C.27/Inf.10 (October 2005).

119 GEF/ME/C.39/4, October 2010.

climate change, that are complementary to those funded by the resources allocated to the climate change focal area of GEF and by bilateral and multilateral funding, in the following areas:

- (a) Adaptation, in accordance with paragraph 8 of decision 5/CP.7;
 - (b) Transfer of technologies, in accordance with decision 4/CP.7;
 - (c) Energy, transport, industry, agriculture, forestry and waste management;
 - (d) Activities to assist developing country Parties referred to under Article 4, paragraph 8(h), in diversifying their economies, in accordance with decision 5/CP.7.
49. In decision 7/CP.7, paragraph 3, the COP decided further that Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, shall be invited to contribute to the fund, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the COP.
50. In decision 7/CP.7, paragraph 4, the COP invited the entity referred to in paragraph 3 above to make the necessary arrangements for this purpose and report thereon to the COP at its eighth session for appropriate action.
51. In decision 7/CP.7, paragraph 5, the COP decided to provide guidance to the entity referred to in paragraph 3 above on the modalities for operating this fund, including expedited access.
52. In decision 7/CP.7, paragraph 6, the COP also decided that a least developed countries fund shall be established, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the COP, to support a work programme for the least developed countries. This work programme shall include, *inter alia*, national adaptation programmes of action in accordance with Section II, "Implementation of Article 4, paragraph 9, of the Convention", of decision 5/CP.7.
53. In decision 7/CP.7, paragraph 7, the COP invited the entity referred to in paragraph 6 above to make the necessary arrangements for this purpose and report thereon to the COP at its eighth session for appropriate action.
54. In decision 7/CP.7, paragraph 8, the COP decided to provide guidance to the entity referred to in paragraph 6 above on the modalities for operating this fund, including expedited access;

GEF's response

LDCF and other new funds

55. At its seventh session, the COP requested the GEF, as the financial mechanism of the Convention to operate two new funds related to the Convention (the SCCF and the LDCF) as well a new fund related to the Kyoto Protocol (the Adaptation Fund). At the GEF Council meeting in December 2001, the Council, having reviewed the decisions of the seventh session of the UNFCCC.
56. At its meeting in May 2002, the Council approved the arrangements proposed by the Secretariat for the establishment of the LDCF and the SCCF, including their scope, guidance, financing, and eligibility criteria.¹²⁰ These arrangements are described in the paper submitted to the COP entitled, *Arrangements for the Establishment of the New Climate Change Funds*. In approving the arrangements, the Council:

¹²⁰ GEF Council Document GEF/C.19/6 (May 2002).

- (a) invited the World Bank to act as Trustee for the three new funds;
- (b) requested the Secretariat to mobilize resources for the funds based on an assessment of financing needs that takes into account the guidance approved by the COP to the UNFCCC; and
- (c) requested the Secretariat to inform the eighth session of the COP to the UNFCCC on the arrangements for the establishment of these funds.

Least Developed Countries Fund

- 57. In view of the urgency expressed by the UNFCCC and the GEF Council, the GEF moved speedily to bring the decisions of the seventh session of the COP with regard to NAPAs and the establishment of the LDCF into operation. After extensive consultations with the GEF Implementing Agencies and the UNFCCC Secretariat, operational guidelines for expedited funding for the preparation of NAPAs were drafted. The draft was discussed with experts from LDCs, other experts, the Implementing Agencies, the UNFCCC Secretariat and UNITAR at a consultation held in Arusha on February 28 and March 1, 2002 at the kind invitation of the Government of Tanzania.
- 58. On the basis of all these inputs and consultations, Operational guidelines for expedited funding for the preparation of national adaptation programs of action by least developed countries were issued by the CEO and Chairman of the GEF in early April 2002. Under the operational guidelines, country requests for GEF funding up to US\$200,000 may be approved using expedited procedure. The operational guidelines outline the few simple steps required to be taken by countries to access funds from the LDCF for the preparation of NAPAs. The guidelines are sufficiently flexible to allow countries to undertake the preparation of NAPAs in the light of their own particular situations and priorities, while following the broad format adopted by decision 28/ CP.7. The operational guidelines are available in both English and French.
- 59. The GEF Secretariat plans to convene a meeting of donors, prior to the eighth session of the COP in October 2002, to solicit voluntary contributions to finance the activities called for in the initial guidance for the LDCF.

F. Funding under the Kyoto Protocol (Decision 10/CP.7)

COP 7 guidance

- 60. In decision 10/CP.7 on "*Funding under the Kyoto Protocol*," paragraph 4, the COP decided that 4. Decides also that the adaptation fund shall be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention, under the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with guidance to be provided by the Conference of the Parties in the period prior to entry into force of the Kyoto Protocol.

GEF's response

- 61. See paragraph 55 in this section.



Bonn, Germany

XIV. COP 6-2 Guidance and GEF Responses

1. Resumed sixth session of the Conference of the Parties (COP 6-2), was held from July 16 to 27, 2001 in Bonn, Germany. Decisions at COP 6-2 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 7. The reporting period is FY 2000, from July 1, 2001, to May 31, 2002.

A. The Bonn Agreements on the implementation of the Buenos Aires Plan of Action (Decision 5/CP.6)

COP 6 guidance

2. In the Annex of the decision 5/CP.6 on “Core Elements for the Implementation of the Buenos Aires Plan of Action”, under the Special Climate Change Fund section, paragraph 1, the COP agreed to that a special climate change fund shall be established to finance activities, programmes and measures related to climate change, that are complementary to those funded by the resources allocated to the Global Environment Facility climate change focal area and by bilateral and multilateral funding, in the following areas:
 - (a) Adaptation;
 - (b) Technology transfer;
 - (c) Energy, transport, industry, agriculture, forestry and waste management; and
 - (d) Activities to assist developing country Parties referred to under Article 4, paragraph 8 (h), in diversifying their economies.
5. In the Annex of the decision 5/CP.6 under the Special Climate Change Fund section, paragraph 2, the COP also agreed that the Parties included in Annex II and other Parties included in Annex I that are in a position to do so shall be invited to contribute to the fund, which shall be operated by an entity which operates the financial mechanism, under the guidance of the Conference of the Parties.
6. In the Annex of the decision 5/CP.6 under the Special Climate Change Fund section, paragraph 3, the COP invited the Global Environment Facility to make the necessary arrangements for the purpose outlined in the paragraphs 1 and 2 under the Special Climate Change Fund section of the Annex to the decision 2/CP.7.
7. In the Annex of the decision 5/CP.6 under the Least developed countries section, paragraph 1, the COP agreed to agree that a least developed countries fund shall be established, which shall be operated by an entity which operates the financial mechanism, under the guidance of the Conference of the Parties, to support a work programme for the least developed countries. This work programme shall include, inter alia, National Adaptation Programmes of Action.

8. In the Annex of the decision 5/CP.6 under the Least developed countries section, paragraph 2, the COP agreed to invite the entity referred to in paragraph 1 (under the Least developed countries section of the Annex to the decision 2/CP.7) to make the necessary arrangements for this purpose.
9. In the Annex of the decision 5/CP.6 under the Least developed countries section, paragraph 3, the COP agreed to provide guidance to the entity referred to in paragraph 1 (under the Least developed countries section of the Annex to the decision 2/CP.7) on the modalities for operating this fund, including expedited access.
10. In the Annex of the decision 5/CP.6 under the Adverse effects of climate change section, paragraph 1, the COP agreed that the implementation of the identified activities shall be supported through the Global Environment Facility (in accordance with decision -/CP.6), the special climate change fund (in accordance with decision -/CP.6), and other bilateral and multilateral sources.
11. In the Annex of the decision 5/CP.6 under the Impact of the implementation of response measures section, paragraph 1, the COP agreed that the implementation of the identified activities shall be supported through the Global Environment Facility (in accordance with decision -/CP.6), the special climate change fund (in accordance with decision -/CP.6), and other bilateral and multilateral sources.

GEF's response

12. GEF responses can be reviewed in Chapter 13, COP 7 and GEF responses.



The Hague, The Netherlands

XV. COP 6 Guidance and GEF Responses

1. The sixth session of the Conference of the Parties (COP 6) was held from November 13 to 25, 2000 in The Hague, The Netherlands. One of the principal aims of COP 6 was to reach agreement on the implementation details of the Kyoto Protocol. Despite the promising atmosphere at the outset of negotiations, countries were unable to reach agreement on key issues at the end of the two weeks, and the talks were suspended. No guidance to the GEF was provided at the COP 6.
2. In its report to COP 7¹²¹, the GEF described GEF activities approved by the Council during the reporting period (July 1, 2000 to June 30, 2001) in the areas covered by the Convention. During this reporting period, the GEF continued to follow the guidance provided by the previous COP.

¹²¹ The GEF report to COP 7 (FCCC/CP/2001/8) is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600001557>.



Bonn, Germany

XVI. COP 5 Guidance and GEF Responses

1. The fifth session of the Conference of the Parties (COP 5) was held from October 25 to November 5, 1999 in Bonn, Germany. Decisions at COP 5 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 6.¹²² The reporting period is FY 2000, from July 1, 1999, to June 30, 2000.

A. National Communications from Non-Annex I Parties (Decision 8/CP.5)

COP 5 guidance

2. In decision 8/CP.5 on "*Other matters related to communications from Parties not included in Annex I to the Convention*," paragraph 1 (d), the COP decided that all Parties that have submitted their initial national communications before the adoption of revised guidelines for national communications, and wish to start the preparation of their second national communications before the seventh session of the COP, may do so using the initial guidelines; that the Global Environment Facility shall provide funding for the preparation of the second national communications of such Parties, following the guidance to the Global Environment Facility set out in decisions 11/CP.2 and 2/CP.4; and that Parties which start to prepare their second national communications after adoption of the revised guidelines shall use the revised guidelines.
3. In decision 8/CP.5, paragraph 2, the COP decided further that the frequency of submission of national communications by non-Annex I Parties shall be determined at its seventh session; for this purpose, adequate information from the operating entity of the financial mechanism on the effective availability of financial resources to non-Annex I Parties and the timing of disbursement of these resources to developing countries for the preparation of initial national communications will be necessary to determine the timetable for non-Annex I Party submissions, in accordance with Article 4.3 of the Convention.
4. In decision 8/CP.5, paragraph 6, the COP invited the Global Environment Facility to include in the report on its activities to the Conference of the Parties at its sixth session specific references to the implementation of decisions 2/CP.4 and 10/CP.2.

GEF's response

5. This decision makes clear that a Party that has submitted its initial national communication may decide:

¹²² GEF responses to COP 5 guidance are as of the date when the GEF report to COP 6 (FCCC/CP/2000/3) was compiled (September 28, 2000), unless stated otherwise. The GEF report to COP 6 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?priref=600000931>.

- (a) to begin activities for the preparation of its second national communication using the existing guidelines for the preparation of initial national communications contained in the annex to decision 10/CP.2; or
 - (b) to wait until revised guidelines for the preparation of national communications have been approved by the time of COP 7.
6. Decision 8/CP.5 requests the GEF to provide funding for the preparation of second national communications to Parties wishing to prepare the second national communications. The GEF has fully implemented the decision of the COP by making available financial resources to any eligible Party seeking assistance to prepare its second national communication prior to the revision of the guidelines. In so doing, the GEF has endeavored to respond as expeditiously and flexibly as possible, consistent with the guidance of the COP. During the reporting period, a proposal for the second national communication in Uruguay was approved by the GEF Council in May 2000.
 7. Following the decisions of the fourth session of the COP and the additional funding for expedited enabling activities approved by Council in May 1999, the operational guidelines for climate change enabling activities have been extended to allow eligible countries to address priority concerns with GEF assistance. Additional funds to the extent of \$100,000 are available through the expedited procedure pathway for countries to address priority capacity building needs identified in decision 2/CP.4.¹²³ A Party may choose to access these funds if it would like to undertake capacity building activities identified in decision 2/CP.4 while waiting for revised guidelines for the preparation of second national communications. As of June 30, 2000, 9 projects to address capacity building in priority areas have been approved.

B. Capacity-Building in Developing Countries (Decision 10/CP.5)

COP 5 guidance

8. In decision 10/CP.5 on "*Capacity-building in developing countries (non-Annex I Parties)*," paragraph 5, the COP requested the UNFCCC Secretariat:
 - To develop in accordance with this decision, in close consultation with Parties at the twelfth sessions of the subsidiary bodies, and based on the information compiled and synthesized, elements of a draft framework for capacity-building activities, including elements related to capacity-building emerging from discussions of other issues under the Convention and its Kyoto Protocol, for consideration by the subsidiary bodies at their thirteenth sessions (subparagraph (d));
 - To coordinate closely with, and seek the assistance of, the GEF, as an operating entity of the financial mechanism, and the secretariat of relevant United Nations agencies and international organizations, and bilateral and multilateral institutions, in preparing the elements of the draft framework referred to in subparagraph (d) above; to continue to coordinate with these agencies, organizations and institutions regarding their climate change capacity-building activities in support of the implementation of the Convention and its Kyoto Protocol; and in reporting on this coordination, to include information on the financing of these activities, at regular intervals (subparagraph (e));
 - To report to the subsidiary bodies, at their twelfth sessions, on progress in the review by the GEF of its enabling activities, its capacity-building activities in its normal work programme, its Country Dialogue Workshops and its capacity Development Initiative (subparagraph (f)).

¹²³ Priorities for capacity building identified by decision 2/CP.4 in the context of its second national communications include capacity building to assist in: (i) identification and submission of prioritized technology needs, (ii) participation in systematic observation networks, (iii) improvement of emission factors, (iv) assessment of technology needs and modalities to acquire and absorb them, (v) design, evaluation and hosting of projects.

GEF's response

9. In its report to the fifth session of the COP, the GEF introduced the CDI. The first phase of the CDI was to undertake a comprehensive assessment of capacity development needs. Assessment of country needs has been undertaken on a regional basis in Africa, Asia/Pacific, Eastern Europe and Central Asia, and Latin America and the Caribbean by teams of regional experts in climate change, biodiversity and land degradation. A separate report was also prepared on the capacity development needs of Small Island developing states. Regional workshops to review the experts' reports were organized in the regions. The reports were made available to the 13th session of the SBI in September, 2000.
10. In view of the considerable work on capacity building already undertaken, the CDI has also prepared a number of other studies, including assessments of the capacity development activities through GEF projects, and an assessment of relevant capacity development work of other multilateral and bilateral institutions.
11. A comprehensive report on the CDI was submitted to the 12th session of the SBI in June, 2000. As requested by the Parties, this report also included information on the GEF review of enabling activities and the country dialogue workshops. Several presentations were also organized on these issues to better inform delegates during the 12th and 13th sessions of the SBI.



Buenos Aires, Argentina

XVII. COP 4 Guidance and GEF Responses

1. The fourth session of the Conference of the Parties (COP 4) was held from November 2 to 13, 1998 in Buenos Aires, Argentina. Decisions at COP 4 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 5.¹²⁴ The reporting period is FY 1999, from July 1, 1998 to June 30, 1999.

A. Additional Guidance to the Operating Entity (Decision 2/CP.4)

COP 4 guidance

2. In decision 2/CP.4 on "*Additional guidance to the operating entity of the financial mechanism*," paragraph 1, the COP decided that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF should provide funding to developing country Parties to:
 - (a) Implement adaptation response measures under Article 4.1 of the Convention for adaptation activities envisaged in decision 11/CP.1, paragraph 1(d)(ii) (Stage II activities) in particularly vulnerable countries and regions identified in Stage I activities, and especially in countries vulnerable to climate-related natural disasters, taking into account their preparatory adaptation planning frameworks in priority sectors, the completion of Stage I activities, and in the context of their national communications;
 - (b) Enable them, in light of their social and economic conditions and taking into account state-of-the-art environmentally sound technologies, to identify and submit to the Conference of the Parties their prioritized technology needs, especially as concerns key technologies needed in particular sectors of their national economies conducive to addressing climate change and minimizing its adverse effects;
 - (c) Build capacity for participation in systematic observational networks to reduce scientific uncertainties relating to the causes, effects, magnitude and timing of climate change, in accordance with Article 5 of the Convention;
 - (d) Meet the agreed full costs of preparing initial and subsequent national communications, in accordance with Articles 4.3 and 12.5 of the Convention and decision 11/CP.2, paragraph 1(d), by maintaining and enhancing relevant national capacity, so as to prepare the initial and second national communications which will take into account experiences, including gaps and problems identified in previous national communications, and guidelines established by the Conference of the Parties. Guidance on subsequent national communications will be provided by the Conference of the Parties;

¹²⁴ GEF responses to COP 4 guidance are as of the date when the GEF report to COP 5 (FCCC/CP/1999/3) was compiled (September 3, 1999), unless stated otherwise. The GEF report to COP 5 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?priref=600000687>.

- (e) Assist them with studies leading to the preparation of national programmes to address climate change, compatible with national plans for sustainable development, in accordance with Article 4.1(b) of the Convention and paragraph 13 of the annex to decision 10/CP.2;
 - (f) Assist in developing, strengthening and/or improving national activities for public awareness and education on climate change and response measures, in full accordance with Article 6 of the Convention and decision 11/CP.1, paragraph 1(b)(iii), and taking into account, where appropriate, relevant GEF operational programmes;
 - (g) Support capacity-building for:
 - i) The assessment of technology needs to fulfill the commitments of developing countries under the Convention, the identification of sources and suppliers of these technologies, and the determination of modalities for the acquisition and absorption thereof;
 - ii) Country-driven activities and projects to enable Parties not included in Annex I to the Convention (non-Annex I Parties) to design, evaluate and manage these projects;
 - iii) Strengthening the capacity of non-Annex I Parties to host projects, including from project formulation and development to their implementation;
 - iv) Facilitating national/regional access to the information provided by international centres and networks, and for working with those centres for the dissemination of information, information services, and transfer of environmentally sound technologies and know-how in support of the Convention;
3. In decision 2/CP.4, paragraph 2, the COP requested the GEF to continue to provide, and developing country Parties to avail themselves of, funding to translate, reproduce, disseminate and make available their initial national communications electronically.
 4. In decision 2/CP.4, paragraph 3, the COP encouraged the GEF to:
 - (a) Further streamline its project cycle with a view to making project preparation simpler, less prescriptive, more transparent and country-driven;
 - (b) Further simplify and expedite its procedures for the approval and implementation of GEF-funded projects, including disbursements for such projects;
 - (c) Make the process for the determination of incremental costs more transparent, and its application more pragmatic.
 5. In decision 2/CP.4, paragraph 4, the COP requested the GEF to ensure that its implementing/ executing agencies are made aware of Convention provisions and decisions adopted by the COP in the performance of their GEF obligations and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation;
 6. In decision 2/CP.4, paragraph 5, the COP further requested the GEF to include in its report to the COP the specific steps it has undertaken to implement the provisions of this decision.

GEF's response

Support for adaptation activities

7. Funding for Stage II adaptation activities will be made available to particularly “vulnerable countries and regions identified in Stage I activities, and especially countries vulnerable to climate-related natural disasters, taking into account their preparatory adaptation planning frameworks in priority sectors, the completion of Stage I activities, and in the context of their national communications.” In making available such resources, the GEF will follow guidance to be provided by the COP on subsequent national communications.

Enabling activities

8. The GEF has reported in its previous reports to the COP on steps it has taken to implement the guidance contained in decision 11/CP.2 through its financing for enabling activities. During the reporting period, national enabling activity projects covering 21 countries were approved. To date, financing for enabling activities in 127 non-Annex I countries and seven Annex I countries has been approved. All these projects have been developed with the full collaboration of the recipient country Parties, and to varying extent, all these projects provide assistance for the preparation of national communications.

National communications

9. The global project entitled, “*National Communications Support Programme*”, approved by the Council during the previous reporting period aims to improve the quality, comprehensiveness, and timeliness of the initial communications from non-Annex I Parties. After the organization of a number of thematic and regional workshops, the UNDP Support Programme team is reviewing the program in light of countries’ feedback with the objective of refocusing the work program. To respond to the evolving needs of countries, they are undertaking a needs assessment and setting up an open forum to strengthen consultation with countries. The assessment will be carried out with inputs from non-Annex I Parties.

Capacity building

10. Recognizing the continued and strong emphasis on capacity building from the COP to both the UNFCCC, particularly in decision 2/CP.4, as well as the Convention on Biological Diversity, the GEF Council agreed that a comprehensive and targeted assessment of capacity building would be timely. Through a strategic partnership, UNDP and the GEF Secretariat, in collaboration with the other Implementing Agencies, the Convention Secretariats, and STAP, have initiated a process leading to a comprehensive study of capacity building needs and a recommended strategy for addressing those needs. The process will draw upon the experiences of the GEF family through its enabling activities (including evaluations of enabling activities and relevant GEF-financed projects) and other projects, as well as the experiences of other bilateral and multilateral institutions that are contributing to capacity building. The initiative should provide both the COP and the GEF Council information on capacity building needs and priorities as well as recommendations for an effective and pragmatic strategy for capacity building.
11. The GEF Council also authorized the CEO, pending the results of this initiative and the approval of a comprehensive strategy for capacity building, to approve revisions/additions to the present scope of the expedited procedures for enabling activities in order to better assist recipient countries to address immediate capacity building priorities consistent with the most recent guidance of the COP (decision 2/CP.4). With this new decision, the GEF may approve under its expedited procedures for enabling activities assistance up to US\$450,000 per country. By the time of COP 5, GEF will have in place guidelines for accessing these additional funds. It is recognized that these resources are unlikely to adequately address all capacity building needs, they should be sufficient to allow countries to move forward with planning and initial assessment of their priority concerns while the proposed capacity building initiative better identifies effective means to move forward on the crucial issue of effectively building capacity in recipient countries.
12. In revising the ongoing enabling activity projects, a recipient country will be able to select activities to address its priority needs from among those identified by the fourth session of the COP (e.g., capacity building for: assessing technology needs; participating in systematic observational networks; preparing a national program

to address climate change; conducting national activities for public awareness; designing, evaluating, and managing projects; and facilitating access to information). Furthermore, it must be emphasized that most GEF projects include capacity building components and activities that directly address the country's highest priority needs and target capacity building outputs related to specific objectives identified in the project. While the GEF is making available additional funds under its enabling activity projects as a direct response to COP 4 guidance, it also welcomes country-driven project proposals developed pursuant to the guidance. To date, no specific project proposals have been received for consideration.

Incremental cost

13. The COP encouraged the GEF to "make the process for the determination of incremental costs more transparent and its application more pragmatic." The GEF Council also called upon the Secretariat, in consultation with the Implementing Agencies and the Secretariats of the biodiversity and climate change conventions, to continue its work on incremental costs to further clarify definitions and facilitate application of the concept.
14. The GEF Secretariat has sought to base its work on a consultative process that would be as comprehensive as possible and take into account the views of a range of stakeholders who may participate in a GEF project at different stages of the project cycle. As a first step, the Secretariat commissioned the preparation of a scoping/issues assessment related to incremental cost determinations for GEF funded projects.
15. The assessment summarized the opinions and comments of over 30 individuals who were involved in different stages of the GEF project cycle, including: Council Members, Alternates, political and operational focal points, Convention focal points, executing agencies, project directors, NGOs, consultants, task managers and staff from the Implementing Agencies, Convention Secretariats, STAP and GEF Secretariat. The report outlined the main issues and challenges that were identified in the interviews and written submissions as well as suggestions for addressing those challenges.
16. After reviewing the assessment and proposed recommendations, the GEF Council requested the Secretariat to continue its work to make the application of incremental costs more pragmatic by addressing the concerns raised. The GEF Secretariat, together with the Implementing Agencies and the Convention Secretariats, then worked in partnership with the International Institute for Environment and Development, to organize a workshop to provide inputs into the development of guidelines for agreeing upon incremental costs as well as simplified approaches to incremental costs determination in the GEF focal areas. Prior to the workshop, three sets of papers were commissioned which served to focus the discussion of the workshop: country experience papers, focal area papers, and expert review papers. At the workshop, a general consensus emerged on a number of recommendations:
17. Based on the report of the workshop, the Council requested the Secretariat and Implementing Agencies to continue their efforts to make the process of determining incremental costs more transparent and its application more pragmatic. The Secretariat will report back to the GEF Council on this issue at its meeting in December 1999. Specifically, work is proceeding on:
 - (a) simplifying and better clarifying key conceptual issues integral to the estimation of incremental costs;
 - (b) articulating guidelines for incorporation in the GEF project cycle to emphasize that estimation of incremental costs should be through an agreement process with the recipient;
 - (c) applying the incremental cost approach more systematically through logical framework project design;
 - (d) piloting even more streamlined procedures for medium-sized project; and
 - (e) developing more "user friendly" materials for outreach and training.

B. Review of the Financial Mechanism (Decision 3/CP.4)

COP 4 decisions

18. In decision 3/CP.4 on *"Review of the financial mechanism,"* paragraph 1, the COP, taking note of the study of the overall performance of the restructured GEF, decided that the restructured GEF shall be an entity entrusted with the operation of the financial mechanism referred to in Article 11 of the United Nations Framework Convention on Climate Change.
19. In decision 3/CP.4, paragraph 2, the COP decided also, in accordance with Article 11.4 of the Convention, to review the financial mechanism every four years, on the basis of the guidelines¹²⁵ as contained in the annex to this decision or as they may subsequently be amended, and to take appropriate measures.

C. National Communications from Non-Annex I Parties (Decision 12/CP.4)

COP 4 guidance

20. In decision 12/CP.4 on *"Initial national communications from Parties not included in Annex I to the Convention,"* paragraph 1 (d), the COP decided to ensure that issues and concerns identified by non-Annex I Parties in their initial communications are brought to the attention of the GEF and, through it, as appropriate, its implementing agencies when undertaking the comprehensive review of enabling activities projects.

GEF's response

21. See paragraphs 8 and 9 in this section.

¹²⁵ On the guidelines, see Annex 3 of this booklet.



Kyoto, Japan

XVIII. COP 3 Guidance and GEF Responses

1. The third session of the Conference of the Parties (COP 3) was held from December 1 to 10, 1997 in Kyoto, Japan. Decisions at COP 3 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 4.¹²⁶ The reporting period is FY 1998, from June 1, 1997 to June 30, 1998.

A. Annex to the MOU (Decision 12/CP.3)

COP 3 guidance

2. In decision 12/CP.3 on "*Annex to the Memorandum of Understanding on the determination of funding necessary and available for the implementation of the Convention*," the COP:
 - (a) Took note of the approval by the Council of the Global Environment Facility of the annex to the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility;
 - (b) Decided to approve the annex to the Memorandum of Understanding, thereby bringing it into force.¹²⁷

GEF's response

Implementation of guidance

3. The guidance provided by the COP at its first session to the GEF, "to adopt a mixed strategy wherein projects will be selected with a double set of program priorities as described in paragraph 9(c) of the (GEF) report, that is, if they meet either one of the long-term program priorities or one of the short-term program priorities." Provided clear direction for the GEF as it developed its Operational Strategy. The GEF has financed climate change projects under both cost-effective and short-term response measures and under three Operational Programs¹²⁸ that address the long-term priorities of the Convention. Operational programs concerning transport and carbon sequestration are being developed. The short-term response measures are also an opportunity to develop projects with objectives that might serve as the basis for future long-term operational programs, consistent with the guidance of the COP.
4. The policies and program priorities identified in decision 11/CP.1 are fully reflected in the GEF Operational Strategy and the three Operational Programs, and have been consistently followed in developing project activities.

¹²⁶ GEF responses to COP 3 guidance are as of the date when the GEF report to COP 4 (FCCC/CP/1998/12) was compiled (August 26, 1998), unless stated otherwise. The GEF report to COP 4 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600000731>.

¹²⁷ On the annex to the MOU, see Annex 2 of this booklet.

¹²⁸ Operational Programs in the area of climate change are: removing barriers to energy conservation and energy efficiency; promoting the adoption of renewable energy by removing barriers and reducing implementation costs; and, reducing the long-term costs of low greenhouse gas-emitting energy technologies.

Preparation of national communications of non-Annex I Parties

5. The GEF has reported in its previous reports to the COP on steps it has taken to implement the guidance contained in decision 11/CP.2 through its financing for enabling activities. During the reporting period, the CEO/Chairman approved national enabling activity projects covering 38 countries. To date, financing for enabling activities in 113 countries has been approved.¹²⁹ All these projects have been developed with the full collaboration of the recipient country Parties, and all address to some extent the need to prepare national communications. In addition to Jordan and Argentina, which submitted their national communications during the previous reporting period, six more non-Annex I countries (Mexico, the Federated States of Micronesia, the Republic of Korea, Senegal, Uruguay and Zimbabwe) have submitted their initial national communications during this reporting period. Five of them were assisted through GEF enabling activities.
6. During the reporting period the Council approved a global project entitled, “*National Communication Support Programme*”. The activities of the project aim to improve the quality, comprehensiveness, and timeliness of the initial communications from non-Annex I Parties in accordance with the Convention guidance through: (i) the operation of a desk for climate change enabling activities, (ii) provision of additional technical assistance, and (iii) organization of a number of thematic and regional workshops. This project is expected to significantly enhance the capacity of non-Annex I Parties to prepare their initial national communications.
7. Recently, the GEF secretariat requested the Implementing Agencies to ensure that GEF funded enabling activities meet the cost of translation of the communication into an official language of the United Nations. The Implementing Agencies were also encouraged to meet the costs of translation of the national communication into English where that is not the UN language chosen by the Party concerned.¹³⁰

¹²⁹ FCCC/CP/1998/12/Add.1.

¹³⁰ Decision 10/CP.2 provides: “The communication may be submitted in one of the official languages of the United Nations. Non-Annex I Parties are also encouraged to submit, to the extent possible and where relevant, a translation of their communications into English”.

Geneva, Switzerland



XIX. COP 2 Guidance and GEF Responses

1. The second session of the Conference of the Parties (COP 2) was held from 8 to 19 July 1996 in Geneva, Switzerland. Decisions at COP 2 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 3.¹³¹ The reporting period is from May 1, 1996, to June 30, 1997.

A. Guidance to the GEF (Decision 11/CP.2)

COP 2 guidance

2. In decision 11/CP.2 on "*Guidance to the Global Environment Facility*," paragraph 1, the COP, decided to adopt the following guidance to the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention. In this regard, the Global Environment Facility should:
 - (a) In the initial period, implement strategies on enabling activities in accordance with decision 11/CP.1 which facilitate endogenous capacity-building, including data collection and archiving, consistent with the policy guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties;
 - (b) In providing the financial resources needed by developing country Parties to meet the agreed full incremental costs of implementing measures covered by Article 4.1 of the Convention in accordance with Article 4.3, take steps to facilitate this provision of financial resources, including the enhancement of transparency and the flexible and pragmatic application of its concept of incremental costs on a case-by-case basis;
 - (c) Together with its implementing agencies, expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by the developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties. In this regard, the guidelines and format adopted by the COP at its second session on the preparation of initial national communications by non-Annex I Parties contained in decision 10/CP.2 shall form the basis for the funding of communications from non-Annex I Parties under Article 12.1 of the Convention;
 - (d) Consider country-specific needs and other approaches which may be used for several countries with similar needs, upon request, and take into account that the preparation of national communications is a continuing process;

¹³¹ GEF responses to COP 2 guidance are as of the date when the GEF report to COP 3 (FCCC/CP/1997/3) was compiled, unless stated otherwise. The GEF report to COP 3 is available at < http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600000439>.

- (e) When funding the agreed full costs for the preparation of national communications from non-Annex I Parties, finance the agreed full incremental costs of projects related to other commitments contained in the Convention only upon request of the Party concerned;
- 3. In decision 11/CP.2, paragraph 2, the COP invited developing country Parties that are interested in receiving assistance for enabling activities, in particular for the preparation of national communications in accordance with Article 12 of the Convention, to avail themselves of the financial resources being made available from the financial mechanism for such purposes.
- 4. In decision 11/CP.2, paragraph 3, the COP requested the Global Environment Facility, as the interim operating entity of the financial mechanism, to report to the Conference of the Parties at its third session on the implementation of this guidance, including on experience gained in the application of the concept of agreed full incremental costs.

GEF's response

- 5. The preambular paragraphs of this decision express concern over certain difficulties experienced by developing countries in receiving financial assistance from the GEF. In particular, problems are stated to arise from the application of GEF's *"operational policies on eligibility criteria, disbursement, project cycle and approval, the application of its concept of incremental costs, and guidelines which impose considerable administrative and financial costs on developing country Parties."* These concerns have been addressed to some extent in the GEF's report to COP 2 and in detail in the current report. Nonetheless, the following encapsulates a general response to these concerns.
- 6. The application of *operational policies on eligibility criteria, disbursement, project cycle and approval*: As the GEF's second report to the COP noted, its Operational Strategy was developed to guide the GEF in the preparation of country-driven initiatives in its four focal areas, which include climate change. The Strategy explicitly states that "...all GEF-funded activities in climate change will be in full conformity with the guidance provided by the COP to the Convention." Eligibility *in terms of access to resources* is unambiguously determined by the Parties, and no other criteria are applied by the GEF for Parties to the Convention. Eligibility *in term of projects*, equally, is determined by the guidance received so far from the COP and the priorities it has laid down, in particular decision 11/CP.1. Operational policies provide for a fully transparent and participatory system of project preparation, evaluation and approval and there is no evidence that the GEF policies and procedures create any disbursement difficulties. The annual performance implementation reviews undertaken by the GEF indicate that annual disbursement of GEF grants is equal to or more rapid than disbursement under the normal operations of the Implementing Agencies. Furthermore, the operational procedures are flexible enough to allow changes and improvements whenever necessary. The *project cycle*, too, is an effort by the GEF to formulate easily understood, transparent procedures for accessing GEF resources through cost-effective, high quality projects.
- 7. The *application of its concept of incremental costs*: It needs to be reiterated here that the COP has not yet provided any guidance on incremental costs, preferring to wait until more experience has been gained on the subject. Pending any guidance, the GEF has applied the concept in a "flexible, pragmatic and on a case-by-case basis" in keeping with decision 11/CP.1.
- 8. *Guidelines which impose considerable administrative and financial costs on developing countries*: the development of a GEF-financed project is undertaken in full partnership with the recipient country concerned, and the criteria of country-drivenness, is the touchstone on which all proposals are tested. In the case of enabling activities, agreed full costs are met by GEF funding, while for other projects, full incremental costs are met. Country endorsement of projects and responsibility for implementation ensure that the recipient country is fully supportive of, and accountable for, the implementation of the project.

9. During COP 2, the GEF did not always have the benefit of detailed information substantiating the concerns voiced in the preambular paragraphs. It welcomes efforts undertaken within the context of the review of the GEF by the Convention through its SBI to invite written comments from Parties on their experience with the GEF. This provides the GEF with a constructive opportunity to respond to the concerns and difficulties felt at the operational level, and to continue to effect improvements in the GEF's processes and procedures when necessary.

Expedited procedures for enabling activities and the preparation of national communications

10. In its report to COP 2, the GEF elaborated upon the procedures that it had approved to expedite the preparation and implementation of enabling activities projects. These include:
- (a) the preparation of operational criteria for enabling activities related to national communications;
 - (b) an expedited approval process for enabling activity project proposals consistent with the operational criteria;
 - (c) approval of an initial allocation of \$US 30 million for purposes of expediting enabling activity projects; and
 - (d) concerted outreach efforts to inform eligible countries about the availability of financial resources and expedited procedures to facilitate the approval and implementation of enabling activities.
11. Shortly after COP 2, in light of decision 11/CP.2, the CEO convened a senior management meeting of the Implementing Agencies and secretariat. Agreement was reached on a number of ways to streamline GEF internal working procedures and to further expedite GEF enabling activity approval and implementation. There was general agreement on the need to ensure rapid preparation, approval, and implementation of enabling activities. Approval by the Council in April 1996 of expedited procedures was recognized as an important, but still quite recent, step towards improving the process. Nevertheless, it was agreed that even more could be done to facilitate early disbursement of funds at the country level. In particular, steps were agreed to:
- (a) expedite task force review of project proposals;
 - (b) enable approval of enabling activities to occur on a rolling basis, as and when proposals are prepared; and
 - (c) provide for up to 15% of the total budget activity to be available for startup work as soon as the CEO approves the projects proposal.

B. MOU between the COP and the GEF Council (Decision 12/CP.2)

COP 2 decision

12. In decision 12/CP.2 on "*Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility*," paragraph 2, the COP adopted the Memorandum of Understanding annexed to the present decision, thereby bringing it into force.¹³²
13. In decision 12/CP.2, paragraph 3, the COP requested the Executive Secretary to inform the Council of the Global Environment Facility of this decision.

¹³² On the MOU, see Annex 1 of this booklet.

14. In decision 13/CP.2 on “*Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility: annex on the determination of funding necessary and available for the implementation of the Convention*,” paragraph 1, the COP decided to refer the text of the annex on the determination of funding necessary and available for the implementation of the Convention adopted by the Council of the Global Environment Facility and the draft annex submitted by the Group of 77 and China¹³³ for consideration by the SBI at its next session;

C. Geneva Ministerial Declaration

Geneva Ministerial Declaration

15. In the “*Geneva Ministerial Declaration*,” the Ministers and other heads of delegations present at the second session of the COP to the UNFCCC welcomed the efforts of developing country Parties to implement the Convention and thus to address climate change and its adverse impacts and, to this end, to make their initial national communications in accordance with guidelines adopted by the COP at its second session; and call on the GEF to provide expeditious and timely support to these Parties and initiate work towards a full replenishment in 1997.

¹³³ FCCC/SBI/1996/L.4.



Berlin, Germany

XX. COP 1 Guidance and GEF Responses

1. The first session of the Conference of the Parties (COP 1) was held from March, 28 to April 7, 1995 in Berlin, Germany. Decisions at COP 1 include guidance to the GEF. GEF responses to the guidance are included in its report to COP 2.¹³⁴ The report was submitted with the GEF Annual Report for 1995, which covers the activities of the GEF in the climate change area for FY 1995, from July 1, 1994, to June 30, 1995. An update of the activities, covering the period from July 1, 1995 to April 30, 1996, is contained within the GEF report to COP 2.

A. Interim Arrangements referred to in Article 21, paragraph 3 (Decision 9/CP.1)

COP 1 decisions

2. In decision 9/CP.1 on "*Maintenance of the interim arrangements referred to in Article 21, paragraph 3, of the Convention*," paragraph 1, the COP decided that the restructured Global Environment Facility shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention.
3. In decision 9/CP.1, paragraph 2, the COP decided, in accordance with Article 11.4 of the Convention, to review the financial mechanism within four years and take appropriate measures, including a determination of the definitive status of the Global Environment Facility in the context of the Convention.

B. Arrangements between the COP and the Operating Entity (Decision 10/CP.1)

COP 1 guidance

4. In decision 10/CP.1 on "*Arrangements between the Conference of the Parties and the operating entity or entities of the financial mechanism*," paragraph 1, the COP requested the secretariat, in consultation with the secretariat of the Global Environment Facility and bearing in mind comments made at the eleventh session of the Intergovernmental Negotiating Committee, to prepare draft arrangements for consideration by the SBI at its first session and adoption by the COP at its second session.
5. In this regard, the SBI, at the first meeting in August 1995,

¹³⁴ GEF responses to COP 1 guidance are as of the date when the GEF report to COP 2 (FCCC/CP/1996/8) was compiled (June 14, 1996), unless stated otherwise. The GEF report to COP 2 is available at <http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600001370>.

- (a) Recommended that the COP adopt the draft decision and the draft Memorandum of Understanding annexed thereto, subject to the necessary editorial adjustments;
- (b) Requested the secretariats of the Convention and the Global Environment Facility to elaborate jointly the annex to the Memorandum of Understanding on procedures to facilitate the joint determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention and the conditions under which that amount shall be periodically reviewed, as referred to in paragraph 9 of the Memorandum;
- (c) Decided to consider the above-mentioned annex after its adoption by the Council of the Global Environment Facility and prior to its adoption by the COP.

GEF's response

- 6. In accordance with the decision, the secretariats of the Convention and the GEF prepared a draft annex to the draft MOU regarding procedures to facilitate the joint determination of funding necessary and available for the implementation of the Convention. The Council reviewed the draft prepared by the two secretariats. The draft annex approved by the Council has been submitted to the Convention secretariat for transmittal to the SBI and the second session of the COP.

C. Initial Guidance to the Operating Entity (Decision 11/CP.1)

COP 1 guidance

- 7. In decision 11/CP.1 on "*Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism*," paragraph 1, the COP decided to adopt the following initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism:
 - (a) Regarding activities undertaken under Article 11 of the Convention,

Within the framework of the financial mechanism:

 - i) The operating entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/programmes should be on a grant basis;
 - ii) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, the national development priorities of each country;
 - iii) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions;
 - iv) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism. Activities should be:
 - supportive of the national development priorities which contribute to a comprehensive national response to climate change;

- consistent with and supportive of the relevant provisions of internationally agreed programmes of action for sustainable development in line with the Rio Declaration and Agenda 21 and UNCED-related agreements;
 - sustainable and lead to wider application;
 - cost-effective.
 - v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of developing country Parties to address climate change;
 - vi) In mobilizing funds, the operating entity or entities should provide all relevant information to developed country Parties and other Parties included in Annex II to the Convention, to assist them to take into full account the need for adequacy and predictability in the flow of funds. The entity or entities entrusted with the operation of the financial mechanism should take full account of the arrangements agreed with the Conference of the Parties, which, inter alia, shall include determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of the Convention, as provided for in Article 11.3(d) of the Convention.
- (b) Regarding programme priorities,
- i) Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties, such as planning and endogenous capacity-building, including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures;
 - ii) In this context, activities aimed at strengthening research and technological capabilities for the implementation of the Convention in developing country Parties should be supported through international and intergovernmental efforts. Such support would include networking and the training of experts and, as appropriate, institutional development;
 - iii) Emphasis should also be placed on improving national public awareness and education on climate change and response measures;
 - iv) The operating entity or entities should finance the formulation by developing country Parties of nationally determined programmes to address climate change issues which are in accordance with national development priorities. To facilitate the formulation of these programmes, it should finance capacity-building and all other activities related to the formulation, management and regular updating of these programmes, which should, as far as possible, be comprehensive;
 - v) The operating entity or entities should, in accordance with the policies, programme priorities and eligibility criteria as established by the Conference of the Parties, be available to assist, if so requested, in the implementation of the national programmes adopted by developing country Parties;
 - vi) In the implementation of these national programmes, the operating entity or entities should support agreed activities to mitigate climate change, as referred to in the Convention, in particular in Article 4.1, consistent with Article 4.3.

- (c) Regarding eligibility criteria,
- (d) Eligibility criteria shall apply to countries and to activities and shall be applied in accordance with Article 11.1, 11.2 and 11.3;
 - i) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3;
 - ii) Regarding eligibility of activities,
 - Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;
 - Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;
 - In addition to the above, such measures would be eligible for financial support under Article 11.5.
- (e) Regarding adaptation, the following policies, programme priorities and eligibility criteria should apply:
 - i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and should be implemented on a stage-by-stage basis in developing countries that are Parties to the Convention. In the short term, the following stage is envisaged:
 - Stage I: Planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building;
 - ii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:
 - Stage II: Measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1(e);
 - Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Article 4.1(b) and 4.4;
 - iii) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the Intergovernmental Panel on Climate Change (IPCC), and any emerging evidence of the adverse effects of climate change, the COP may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the relevant conclusions of the Committee and with the provisions of the Convention;

iv) Funding for the implementation of such adaptation measures and activities would be provided as follows:

- For Stage I, the Conference of the Parties at its first session, shall entrust to the Global Environment Facility (GEF), the interim operating entity of the financial mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1(b) and 4.1(e) of the Convention), and relevant capacity building;
- If it is decided in accordance with paragraph (iii) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Parties included in Annex II to the Convention will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Article 4.3 and 4.4 of the Convention;
- In its review of the financial mechanism of the Convention under Article 11.4, the Conference of the Parties, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the relevant conclusions reached by the Committee and its own decisions on this issue, must decide on the channel or channels, under Article 11 of the Convention, to be used for the funding referred to in the preceding subparagraph, to implement the adaptation measures envisaged in Stages II and III.

(f) Regarding agreed full incremental costs,

(g) The various issues of incremental costs are complex and difficult and further discussion on the subject is therefore needed. The application of the concept of agreed full incremental costs should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard will be developed by the Conference of the Parties at a later stage on the basis of experience.

GEF's response

Enabling activities

8. Decision 11/CP.1 stresses the importance of enabling activities. The GEF Operational Strategy section on climate change provides:

- Enabling activities provide the foundations to address climate change through country-driven activities. They have been defined by the FCCC as "planning and endogenous capacity-building, including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures."

Support For the Preparation of National Communications

9. Among the enabling activities, those that are specifically related to countries' obligations concerning national communications under Article 12.1 of the Convention are eligible for GEF financing on the basis of "agreed full costs." Such enabling activities will result in plans on which the national communications will be based; these plans will serve as the basis for sustainable and effective response measures. The assistance provided under these enabling activities will conform fully to the guidance of the COP with respect to national communications. Because the format for national communications is still under consideration, the content

will, for the interim, be based on the provisions of Article 12.1. The GEF has prepared operational criteria to guide the preparation and scheduling of support for these activities to ensure:

- (a) coverage without duplication of the efforts of others (including bilaterally financed studies);
 - (b) appropriate sequencing of the activities;
 - (c) the use of best practices; and
 - (d) cost-effectiveness (including use of norms).
10. Among the project proposals in the area of climate change approved by the Council since February 1995, 24 (60 percent) are for enabling activities. Of these, five are regional and global projects focusing on enabling activities in 36 countries. To date, the GEF has financed enabling activity projects in 55 countries.
11. In order to expedite preparation and implementation of enabling activities projects, the GEF has taken the following steps:
- (a) It has prepared operational criteria for enabling activities related to national communications in the climate change area. These criteria have been developed in consultation with the GEF Implementing Agencies and the UNFCCC secretariat. The criteria recognize that "because the guidelines for national communications by non-Annex I Parties are still under consideration by the COP, the criteria will, for the interim, be based broadly on the requirements of Article 12.1, taking into account the common, but differentiated responsibilities of countries. The criteria will be revised as necessary once the guidelines of non-Annex I Parties have been developed by the COP. Other decisions by the COP, including guidance on enabling activities related to subsequent communications, will similarly be incorporated as necessary;"
 - (b) It approved an expedited approval process for enabling activity project proposals consistent with the operational criteria. The Council recognized the urgency for implementing these activities in light of their preparatory nature to enable countries to move forward in implementing the Convention;
 - (c) In April 1996, an initial additional allocation of US\$ 30 million was approved to expedite a broad effort of enabling activities that support the climate change and biodiversity conventions; and
 - (d) The GEF has taken steps to inform eligible countries about the availability of financial resources to assist the implementation of enabling activities.

Funds allocated to projects/programmes in the LDCs

12. All GEF project financing to date has been provided on a grant basis. Approved projects have included ten enabling activity components in the least developed countries.

Country-driven approach

13. Operational Principle Number 4 of the GEF Operational Strategy provides, "The GEF will fund projects that are country-driven and based on national priorities designed to support sustainable development, as identified within the context of national programs."
14. The GEF Project Cycle provides that the country operational focal point is responsible for reviewing project ideas, endorsing their consistency with respect to national programs, and confirming that project ideas are supportive of national priorities. All project proposals, as well as requests for project preparation funding, submitted for approval need Government endorsement from the given operational focal point.

Transfer of technology

15. The GEF Operational Strategy provides that GEF-financed activities are to be environmentally, socially and financially sustainable, and not merely more benign forms of current, but unsustainable, activities. In addition, GEF-financed activities are to avoid the transfer of negative environmental impacts. Project designs are to be consistent with the Operational Strategy, as it applies to the other focal areas. They must avoid creating negative impacts in other focal areas.
16. The GEF policy on incremental costs provides that no GEF activity should have a negative domestic environmental impact. If the project proposal contains a component that could have a negative impact, the proposal must also include a component that would mitigate this impact fully.
17. Transfer of technology is a significant factor in GEF-financed climate change activities, particularly those concerned with renewable energy and energy efficiency, such as the Efficient Industrial Boilers project in China, the Solar Thermal-Electric project in India, and the Renewable Energy, Small Power project in Indonesia.

Cost-effectiveness

18. A basic operational principle of the Operational Strategy is that the GEF will ensure the cost-effectiveness of its activities to maximize global environmental benefits.

Leverage other funds

19. Another operational principle provides that in seeking to maximize global environmental benefits, the GEF will catalyze and leverage additional financing from other sources.
20. For the climate change project proposals approved to date, at least US\$ 680 million in additional financing has been leveraged, mainly from bilateral donors, the Implementing Agencies, and recipient countries of GEF projects.

Adequacy and predictability in the flow of funds

21. This issue has been addressed in the draft annex to the memorandum of understanding concerning the determination of funding necessary and available for implementation of the Convention.

Priority for agreed full cost and enabling activities

22. Since its restructuring, the GEF has financed 24 projects that will contribute to countries' abilities to prepare first national communications to the COP. In most instances, these projects will pay the full costs of preparing national communications. In other cases, financial support provided by the GEF will complement support from other resources to meet the full costs of communications. These 24 projects will provide assistance to 55 countries. In addition, GEF funded projects in its Pilot Phase are currently providing assistance to 20 more countries. In total, US\$53 million has been provided by the GEF to support 75 countries in preparing part or all of their first national communications to the COP.
23. In addition, the Council recently approved an initial allocation of funds, as well as an approach for expedited approval of enabling activities, to help countries party to the Convention to meet, as appropriate, the Convention's deadline for national communications and planning exercises.
24. As requested by the GEF Council, the GEF is acting proactively to inform eligible countries of the availability of financial support for preparing national communications.

Strengthening research and technological capabilities

25. Some of the enabling activities projects support research and technological capabilities, such as those for Brazil and Mexico. Some of the global projects have a strong research component (for example, the Country Case Studies on Impacts and Adaptation, Economics of GHG Limitation, and Alternatives to Slash and Burn.)

26. Future targeted research activities must be developed within the context of the long-term operational programs identified in the Operational Strategy.

Improving public awareness and education

27. The operational criteria for enabling activities provide for activities, as well as funding, for building public awareness.

Formulation of comprehensive, nationally determined programmes to address climate change

28. Included in the preparation of enabling activities for national communication is the preparation of a national plan to fulfill commitments under the Convention.

Availability support national programmes

29. A basic GEF operational principle is to fund projects that are country-driven, based on national priorities, and are designed to support sustainable development, as identified within the context of national programs.

Support of agreed activities to mitigate climate change

30. The largest amount of funding to date in the climate change focal area has been directed to agreed activities that mitigate climate change either by addressing anthropogenic emissions by sources or through removals by sinks of all greenhouse gases not controlled by the Montreal Protocol. By emphasizing long-term mitigation measures, the initial reductions of greenhouse gas emissions will be less than those resulting from a strategy exclusively focused on short-term measures. However, the cumulative long-term impact is expected to be much greater because the projects will drive down costs, build capacity, and start to put in place technologies that can ultimately avoid (rather than merely reduce) greenhouse gas emissions.

Eligibility of countries

31. GEF grants made available within the framework of the financial mechanism of the Convention conform with the eligibility criteria set forth by the COP. The criteria provide that only developing country parties are eligible to receive funding from the GEF under the financial mechanism.

Eligibility of Activities

32. The guidance of the COP concerning eligibility of activities is strictly followed. Even when the GEF provides assistance to countries outside the Convention's financial mechanism, it ensures that the activities are fully consistent with the guidance provided by the COP.

Agreed full costs of Stage I adaptation activities

33. The operational criteria for developing enabling activities projects allow for vulnerability assessments in agriculture, forestry, coastal zones, water resources, health and natural ecosystems as components of national communications. Additionally, the GEF has financed, on an agreed full cost basis, several enabling activities projects that emphasize Stage I adaptation activities. Examples include, the Maldives project, the regional PICCAP and CARICOM projects, the Global CC: TRAIN Programme and UNEP's Country Case Studies on Impacts and Adaptation.

34. In addition, the GEF Operational Strategy on climate change further defines Stage I adaptation activities.

Agreed full incremental costs

35. While approving the approach on incremental costs, the GEF Council recognized the need for a flexible application of the concept of incremental costs. The application of the concept in GEF operations has been both pragmatic and on a case-by-case basis.

D. Report of the GEF to COP (Decision 12/CP.1)

COP 1 guidance

36. In decision 12/CP.1 on *"Report of the GEF to the COP on the development of an operational strategy and on initial activities in the field of climate change,"* paragraph 1, the COP welcomed the decision of the GEF Council to follow a "two-track" programming approach in 1995: while work is undertaken by the GEF secretariat to develop a long-term comprehensive operational strategy, supported by analytical work and consultations, and allowing for the guidance from the Conference of the Parties (track one), some project activities are to be undertaken to allow a smooth transition between the operations of the pilot phase and the restructured GEF (track two).
37. In decision 12/CP.1, paragraph 2, the COP decided to adopt a mixed strategy wherein projects will be selected with a double set of programme priorities as described in paragraph 9(c) of the report, that is, if they met either one of the long-term programme priorities or one of the short-term programme priorities.
38. In decision 12/CP.1, paragraph 4, the COP invited the GEF in future reports to take fully into account relevant aspects of the modalities for the functioning of operational linkages between the COP and the operating entity or entities of the financial mechanism.

GEF's response

39. The GEF Operational Strategy provides that GEF operations will be programmed in three broad, interrelated categories: long-term operational programs, enabling activities, and short-term response measures. These three categories follow the guidance of the COP. The strategy also provides that in view of GEF's limited resources and the finite capacities of recipient countries and Implementing Agencies to program activities at any given time, the GEF must structure and sequence activities to best achieve global environmental objectives. The sequencing of GEF tasks will be a dynamic process, shaped in part by the evolving nature of guidance from the relevant Conventions and the increased capacity for program development.



Annexes

Annex 1 Memorandum of Understanding between the COP and the Council of the GEF¹³⁵

The Conference of the Parties,

Recalling Article 11.3 of the United Nations Framework Convention on Climate Change,

Recalling also its decision 9/CP.1 on the maintenance of the interim arrangements referred to in Article 21, paragraph 3, of the Convention,

Having considered the recommendation of the Subsidiary Body for Implementation,

1. Takes note of Part Two, section III (a), paragraph 5, of the report of the Conference of the Parties at its first session,¹³⁶ which states that the Conference of the Parties should receive and review at each of its sessions a report from the Global Environment Facility;
2. Adopts the Memorandum of Understanding annexed to the present decision, thereby bringing it into force;
3. Requests the Executive Secretary to inform the Council of the Global Environment Facility of this decision.

*8th plenary meeting
19 July 1996*

¹³⁵ Decision 12/CP.2.

¹³⁶ FCCC/CP/1995/7/Add.1.

Annex

MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE AND THE COUNCIL OF THE GLOBAL ENVIRONMENT FACILITY

This Memorandum of Understanding is concluded between the Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the Council of the Global Environment Facility (hereinafter referred to as the “Council of the GEF”), the international entity entrusted on an interim basis with the operation of the financial mechanism referred to in Article 11 of the Convention.

INTRODUCTION

The Parties to this Memorandum of Understanding,

Recalling Article 11 of the Convention and recognizing that the financial mechanism is to provide financial resources on a grant and concessional basis, including for the transfer of technology, and is to function under the guidance of and be accountable to the COP, which shall decide on its policies, programme priorities and eligibility criteria related to the Convention,

Recalling Article 11.1 which states that the operation of the financial mechanism shall be entrusted to one or more existing international entities,

Recalling also the decision of the first session of the COP on the maintenance of the interim arrangements referred to in Article 21.3 that the restructured GEF shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism, referred to in Article 11,

Recalling further the willingness of the GEF to serve for the purposes of the financial mechanism of the Convention as provided in paragraph 6 of the Instrument for the Establishment of the Restructured Global Environment Facility (hereinafter referred to as “the Instrument”),

Recalling that, in accordance with Article 11.3, the COP and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to Article 11.1 and 11.2,

Recalling further that, in accordance with paragraph 27 of the Instrument, the Council of the GEF is to consider and approve cooperative arrangements with the COP,

Have agreed as follows:

Purpose of arrangements

1. The purpose of this Memorandum is to give effect to the respective roles and responsibilities of the COP, the supreme body of the Convention, and the GEF, the international entity entrusted with the operation of the financial mechanism and to provide for the required interaction between them under Article 11 of the Convention and paragraphs 26 and 27 of the Instrument.

Determination and communication of guidance from the COP

2. The COP will, pursuant to Article 11.1, decide on policies, programme priorities and eligibility criteria related to the Convention for the financial mechanism which shall function under the guidance of and be accountable to the COP.
3. The COP will, after each of its sessions, communicate to the Council of the GEF any policy guidance approved by the COP concerning the financial mechanism.

Conformity with COP guidance

4. The Council will ensure the effective operation of the GEF as a source of funding activities for the purposes of the Convention in conformity with the guidance of the COP. It will report regularly to the COP on its activities related to the Convention and on the conformity of those activities with the guidance received from the COP.

Reconsideration of funding decisions

5. The funding decisions for specific projects should be agreed between the developing country Party concerned and the GEF in conformity with policy guidance from the COP. The Council of the GEF is responsible for approving the GEF work programmes. If any Party considers that a decision of the Council regarding a specific project in a proposed work programme does not comply with the policies, programme priorities and eligibility criteria established by the COP in the context of the Convention, the COP should analyse the observations presented to it by the Party and take decisions on the basis of compliance with such policies, programme priorities and eligibility criteria. In the event that the COP considers that this specific project decision does not comply with the policies, programme priorities and eligibility criteria established by the COP, it may ask the Council of the GEF for further clarification on the specific project decision and in due time may ask for a reconsideration of that decision.

Reports from the GEF to the COP

6. Annual reports of the GEF will be made available to the COP through its secretariat. Other official public documentation of the GEF will also be made available to the COP through its secretariat. In order to meet the requirement of its accountability to the COP, the Annual Report of the GEF will cover all GEF-financed activities carried out in implementing the Convention, whether such activities are carried out by the GEF Implementing Agencies, the GEF Secretariat or by executing agencies implementing GEF-financed projects. To this end, the Council of the GEF will require all such bodies, with respect to GEF-financed activities, to comply with GEF policy on disclosure of information.
7. In its reporting on GEF-financed activities under the financial mechanism, the GEF should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of GEF activities in the areas covered by the Convention and an analysis of how the GEF, in its operations related to the Convention, has implemented the policies, programme priorities and eligibility criteria established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved by the Council in the climate change focal area as well as a financial report with an indication of the financial resources required for those projects should be included. The Council should also report on its monitoring and evaluation activities concerning projects in the climate change focal area.
8. The Council of the GEF may seek guidance from the COP on any matter it considers relevant to the operation of the financial mechanism of the Convention.

Determination of funding necessary and available

9. In accordance with Article 11.3(d) of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention and the conditions under which that amount shall be periodically reviewed, the COP and the Council shall jointly determine the aggregate GEF funding requirements for the purpose of the Convention. Procedures to facilitate such a joint determination will be developed by the COP and the Council and annexed to this Memorandum.

Cooperation between secretariats

10. The secretariats of the Convention and of the GEF shall cooperate and exchange on a regular basis views and experiences necessary to facilitate the effectiveness of the financial mechanism in assisting Parties to implement the Convention.

Representation in meetings of governing bodies

11. The participation of representatives of the Council of the GEF in meetings of the COP and of its subsidiary bodies will be governed by the rules of procedure of the COP. Likewise, the participation of representatives of the Convention in meetings of the Council of the GEF will be determined in accordance with the rules of procedure of the Council of the GEF. In formulating and applying its rules, each organization will make every effort to accord the other organization reciprocal representation privileges.

Review and evaluation of the financial mechanism

12. The COP will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the COP in its decision, pursuant to Article 11.4, on arrangements for the financial mechanism.

Modification of the Memorandum of Understanding

13. This Memorandum of Understanding may only be modified in writing by agreement between the COP and the Council of the GEF.

Entry into effect

14. This Memorandum of Understanding shall come into force upon its approval by the COP of the Convention and the Council of the GEF.

Termination

15. This Memorandum of Understanding may be terminated by either Party giving six months' notice in writing to the other.

Annex 2 Annex to the Memorandum of Understanding¹³⁷

Determination of funding necessary and available for the implementation of the Convention

In accordance with Article 11.3(d) of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention and the conditions under which that amount shall be periodically reviewed, the COP and the Council will jointly determine the aggregate GEF funding requirements for the purpose of the Convention in accordance with the following procedures.

1. In anticipation of a replenishment of the GEF, the COP will make an assessment of the amount of funds that are necessary to assist developing countries, in accordance with the guidance provided by the COP, in fulfilling their commitments under the Convention over the next GEF replenishment cycle, taking into account:
 - (a) The amount of funds necessary to meet the agreed full costs to be incurred by developing country Parties in order to prepare their national communications under Article 12.1 of the Convention on the basis of the guidelines for national communications of non-Annex I Parties adopted by the Conference of the Parties at its second session, and the information communicated to the COP under Article 12 of the Convention;
 - (b) Financial resources needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by Article 4.1 of the Convention and that are agreed between a developing country Party and the international entity or entities referred to in Article 11 of the Convention;
 - (e) Information communicated to the COP from the GEF on the number of eligible programmes and projects that were submitted to the GEF, the number that were approved for funding, and the number that were turned down owing to lack of resources;
 - (f) Other sources of funding available for the implementation of the Convention.
2. The GEF replenishment negotiations will take into account fully and comprehensively the COP's assessment.
3. On the occasion of each replenishment, the GEF will, in its regular report to the COP as provided for in paragraphs 6 and 7 of this Memorandum of Understanding, indicate how it has responded during the replenishment cycle to the COP's previous assessment prepared in accordance with paragraph 1 of this annex, inform the COP of the conclusion of replenishment negotiations and indicate the amount of new and additional funding to be contributed to the GEF Trust Fund in the next replenishment cycle for the purposes of the GEF, including the implementation of the Convention. The COP may, in its action on the GEF reports, consider the adequacy of the resources available for implementation of the Convention.
4. The reiteration of this process on the occasion of each replenishment will present the opportunity to review the amount of funding necessary and available for the implementation of the Convention in accordance with Article 11.3(d).

¹³⁷ FCCC/SBI/1996/14.

Annex 3 Guidelines for the Review of the Financial Mechanism¹³⁸

A. Objectives

1. In accordance with Article 11.4 of the Convention, the objectives will be to review the financial mechanism and take appropriate measures regarding:
 - (a) Its conformity with the provisions of Article 11 of the Convention;
 - (b) Its conformity with the guidance of the Conference of the Parties (COP);
 - (c) The effectiveness of the activities it funds in implementing the Convention;
 - (d) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;
 - (e) Its effectiveness in providing resources to developing country Parties under Article 4.3 of the Convention.

B. Methodology

2. The review shall draw upon the following sources of information:
 - (a) Information provided by the Parties on their experiences regarding the financial mechanism;
 - (b) Annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance of the COP;
 - (c) The annual report of the Global Environment Facility (GEF) to the COP on its activities as the operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
 - (d) Reports from the GEF monitoring and evaluation programme;
 - (e) Reports from the United Nations Commission on Sustainable Development and relevant bilateral and multilateral funding institutions;
 - (f) Relevant information provided by other intergovernmental and non-governmental organizations.

¹³⁸ Decision 3/CP.4.

C. Criteria

3. The effectiveness of the financial mechanism will be assessed taking into account the following:
 - (a) The transparency of decision-making processes;
 - (b) The adequacy, predictability and timely disbursement of funds for activities in developing country Parties;
 - (g) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
 - (h) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects;
 - (i) The amount of finance leveraged;
 - (j) The sustainability of funded projects.

Annex 4 Additional Guidelines for the Review of the Financial Mechanism¹³⁹

A. Objectives

1. In accordance with Article 11 of the Convention, an additional objective of the review of the financial mechanism is to examine how to facilitate consistency in financing activities and how to improve the complementarity of the financial mechanism with other sources of investment and financial flows, including:
 - (a) Examining relevant sources and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing countries to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;
 - (b) Examining the role of the financial mechanism in scaling up the level of resources;
 - (c) Assessing enabling environments for catalysing investment in, and the transfer of, sustainable technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

B. Methodology

2. The review shall draw upon the following additional sources of information:
 - (a) Technical papers and reports prepared by the secretariat upon the request of the Conference of the Parties, which are relevant to the financial needs of developing countries under the Convention;
 - (b) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
 - (c) All relevant information provided by other intergovernmental and non-governmental organizations, including in particular the Assessment Reports of the Intergovernmental Panel on Climate Change, as well as information on enabling environments for catalysing investment in, and the transfer of, sustainable technologies that mitigate greenhouse gas emissions and for enhancing resilience to climate change;
 - (d) Relevant information available on private-sector financing and investment for climate change activities.

¹³⁹ Decision 6/CP.13.

Annex 5 GEF Project Terms¹⁴⁰

GEF Projects and Programs

GEF support can be grouped into two main types: (a) projects, including full-sized (over \$2 million) and medium-sized (up to \$2 million) that address a particular priority need; and (b) programs, which are a strategic combination of projects and activities with a common focus structured to build upon or complement one another to produce results that would not be possible through a project-by-project approach. Projects under parent programs are called “child” projects.

GEF Agencies

The GEF Agencies are the operational arm of the GEF in project implementation. Currently, 14 Agencies manage GEF financed projects. These Agencies are: the Asian Development Bank (ADB); the African Development Bank (AfDB); Conservation International (CI); the Development Bank of Southern Africa (DBSA); the European Bank for Reconstruction and Development (EBRD); the Food and Agriculture Organization of the United Nations (FAO); the Inter-American Development Bank (IDB); the International Fund for Agricultural Development (IFAD); International Union for Conservation of Nature (IUCN); the United Nations Development Programme (UNDP); the United Nations Environment Programme (UNEP); the United Nations Industrial Development Organization (UNIDO); the World Bank (WB); and the World Wildlife Fund (WWF-US).

GEF Funding and Co-Financing

The GEF provides new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits (GEBs). In addition to the GEF financing, co-financing is an essential part of GEF projects and programs. The types of co-financing include: grants, concessional or market-rate loans, credits, equity investments, and in-kind contribution. Co-financing is provided by the governments of the recipient countries, the private sector, the GEF Agencies, other multilateral and bilateral agencies, and non-governmental organizations (NGOs). The GEF will recalibrate its approach to co-financing during GEF-6, in keeping with the decisions by the GEF-6 replenishment participants to seek clarity in the definition and approaches to co-financing, aim for a portfolio ambition of 6:1 in GEF-6, and create expectations for higher co-financing in engagement with upper middle income and high income countries. The approach aims to attain co-financing that enhances the effectiveness and sustainability of GEF programming while strengthening partnerships in support of the delivery of global environmental benefits.

GEF Project Cycle

For full-sized projects (FSPs) financed from the GEF Trust Fund, there are four steps in the project cycle where the GEF Secretariat and/or GEF Council review and make decisions on providing funding for projects. The four steps are: (i) GEF CEO review of the Project Identification Form (PIF); (ii) GEF Council approval of the Work Program which comprises cleared PIFs; (iii) GEF CEO endorsement of the project; and (iv) implementation, supervision, monitoring and final evaluation of the project. Since the PIF provides the overall outline of the proposal, a more detailed project document is required at the GEF CEO endorsement stage. For medium-sized projects (MSPs), the above project cycle is expedited.

GEF Replenishment Cycle

Resources for the GEF Trust Fund are replenished every four years when countries that wish to contribute to the GEF Trust Fund pledge resources through a process called the ‘GEF Replenishment.’ The sixth replenishment of the GEF Trust Fund (GEF-6) covers GEF operations and activities for the four years from July 1, 2014 through June 30, 2018. For the GEF-6 cycle, new focal area strategies have been adopted, and they include long-term

¹⁴⁰ The GEF has evolved since its inception in 1991. GEF project terms in this Annex are current as of November 15, 2014.

strategic goals and objectives. The focal area strategies respond to guidance from the Conventions. A results framework for each focal area, including Climate Change Mitigation, complements each objective. The results framework includes expected impacts related to each of the long-term strategic objectives and expected outcomes related to each of the strategic programs, as well as measurable indicators for the expected impacts and outcomes.

System for Transparent Allocation of Resources (STAR)

In GEF-6, three focal areas (Climate Change Mitigation, Biodiversity and Land Degradation) are covered under the System for Transparent Allocation of Resources (STAR). The STAR is a system that allocates resources to countries based on objective criteria in the focal areas. It was developed during 2009-2010 and applied in the GEF-5 period to upgrade the Resource Allocation Framework (RAF), which was the former GEF resource allocation system used in the fourth replenishment period of the GEF (GEF-4). The main benefits of the STAR for countries are predictability of funding and flexibility in programming. The STAR is expected to enhance planning at the country level and to contribute to improving country ownership of GEF projects and programs.

Access to GEF funds
2/CP.12, 7/CP.13(1e),
4/CP.14(1d), 2/CP.16(4e)

Adaptation fund
5/CP.7(8)

Agreed full costs
11/CP.1(1b), 11/CP.2(1), 2/CP.4(1d),
6/CP.8(1a), 3/CP.12(2a),
7/CP.13(1g), 4/CP.14, 3/CP.16,
11/CP.17(1a)

Articles 4.8 and 4.9
5/CP.7, 8/CP.10

Article 6
See “Public awareness
and education.”

**Awareness-raising on GEF
programmes and procedures**
2/CP.12(3e)

Biennial update reports (BURs)
2/CP.17(44), 9/CP.18(1)

Buenos Aires Programme of Work
5/CP.6, 1/CP.10, 8/CP.10(3)

**Carbon capture and storage
(CCS)**
5/CP.7(26), 5/CP.11(3)

Capacity building
2/CP.4(1g), 10/CP.5, 2/CP.7, 6/CP.7,
6/CP.8(1b), 3/CP.9(1a), 4/CP.9(1b),
2/CP.10, 3/CP.10, 8/CP.10(1),
4/CP.12, 4/CP.14(5), 2/CP.16(3),
2/CP.17(152), 21/CP.18

**Climate Technology Centre and
Network (CTCN)**
2/CP.17(140), 14/CP.18

Co-financing
3/CP.12(1b), 4/CP.14(1b), 6/CP.19(3)

Country dialogues
7/CP.13(1a)

Country-level programming
2/CP.16(4f)

Country ownership
2/CP.16(1g), 2/CP.16(4c),
6/CP.19(11)

Country-specific needs
11/CP.2(1d)

Durban Platform
1/CP.19

Economic diversification
1/CP.12, 4/CP.16

Enabling activities
11/CP.2(1a, 2)

Energy efficiency projects
2/CP.12(1d)

Eligibility criteria
11/CP.1(1c)

Fifth replenishment
2/CP.16(2), 3/CP.16(1), 9/CP.18(3)

**Fourth Overall Performance
Study (OPS4)**
2/CP.16(1)

Fourth replenishment
9/CP.10(1)

Funding under the Kyoto Protocol
Decision 10/CP.7

GEF Council
12/CP.2(3), 12/CP.3, 9/CP.10(2)

Global observing systems
4/CP.9(3)

Green Climate Fund (GCF)
1/CP.16(111), 3/CP.17(18)

**Guidelines for the review of the
financial mechanism**
3/CP.4, 5/CP.8, 6/CP.13, 3/CP.14

Implementing/executing agencies
2/CP.4(4), 6/CP.7(2), 7/CP.13(1b),
4/CP.14(1e)

Incremental costs
11/CP.1(1b), 11/CP.1(1e), 11/CP.2,
2/CP.4(3c), 5/CP.8(4c), 7/CP.13(1c)

Knowledge management
2/CP.16(1i), 2/CP.16(4i)

**Land use and land-use change
projects**
2/CP.12(1c)

**Least Developed Countries
(LDCF)**
5/CP.7 (12), 7/CP.7, 8/CP.8,
6/CP.9, 8/CP.10(3), 3/CP.11,
5/CP.14, 5/CP.16, 5/CP.17,
9/CP.17, 11/CP.17(1c), 10/CP.18

**Least Developed Countries
(LDCF) work programme**
5/CP.14, 5/CP.16, 9/CP.17, 10/CP.18

Memorandum of Understanding
10/CP.1, 12/CP.2, 12/CP.3,
6/CP.19(5)

National adaptation plans (NAPs)
5/CP.17, 12/CP.18, 12/CP.18,
6/CP.19 (4), 18/CP.19

**National Adaptation Programmes
of Action (NAPAs)**
6/CP.7(1a), 8/CP.8, 6/CP.9,
8/CP.10(3), 3/CP.11, 5/CP.14,
2/CP.16(5), 5/CP.16, 9/CP.17

**Nationally appropriate mitigation
actions (NAMAs)**
2/CP.17(48), 16/CP.18

National communications
11/CP.2(1, 2), 2/CP.4, 12/CP.4,
8/CP.5, 6/CP.8(1a), 4/CP.9(1a),
1/CP.10(7), 8/CP.10(5), 8/CP.11,
3/CP.12(2), 7/CP.13, 4/CP.14,
3/CP.16, 11/CP.17(1a)

National experts/consultants
2/CP.4(4), 6/CP.7(2), 7/CP.13(1b)

National programs
2/CP.4(1e)

New Delhi work programme
11/CP.8, 7/CP.10, 3/CP.12(3),
7/CP.13(4), 9/CP.13, 7/CP.16

Overall Performance Study (OPS)
3/CP.4

141 The number in parenthesis is the paragraph number of a COP decision.

Poznan strategic programme on technology transfer

2/CP.14

Private sector

2/CP.12(3d), 2/CP.16(4h)

Project cycle management

2/CP.12(3c), 6/CP.19(15)

Project proposals identified in national communications

5/CP.11(2), 7/CP.13(1k), 4/CP.14, 3/CP.16(4e)

Public awareness and education

2/CP.4(1f), 6/CP.8(1d), 4/CP.9(2), 7/CP.10, 8/CP.10(2), 3/CP.12, 7/CP.13(4), 3/CP.16(3), 7/CP.16, 15/CP.18

REDD+

2/CP.17(68)

Report of the GEF

12/CP.1, 7/CP.13(1f), 2/CP.16(1f), 9/CP.18, 6/CP.19

Resource Allocation Framework (RAF)

5/CP.11(1), 3/CP.12(1c), 4/CP.14(1), 2/CP.16(1e)

Results-based finance

9/CP.19

Second Overall Performance

Study (OPS2)

5/CP.8, 5/CP.8(4)

Sixth Replenishment

6/CP.19 (8, 9, 10)

Standing Committee on Finance (SCF)

6/CP.19(17)

Strategic Priority on Adaptation (SPA)

4/CP.9(2b), 8/CP.10(3), 7/CP.13(1d)

Special Climate Change Fund (SCCF)

5/CP.7, 7/CP.7, 7/CP.8, 5/CP.9, 8/CP.10(3), 1/CP.12, 4/CP.16, 11/CP.17(1c)

Stage I, II and III

11/CP.1(1d), 2/CP.4(1a), 6/CP.7(1a)

Streamlining and simplifying of project cycle

2/CP.4(3), 6/CP.7(2), 5/CP.8(4), 4/CP.14(3d), 2/CP.16(1h), 2/CP.16(4d)

Systematic observational networks

2/CP.4(1c), 11/CP.17(1d)

Technology needs assessment

2/CP.4(1), 4/CP.9(1c), 3/CP.12, 11/CP.17(2), 13/CP.18

Technology transfer

4/CP.7, 6/CP.8(1c), 3/CP.9(1b), 5/CP.9(3), 3/CP.12(1d), 3/CP.13, 4/CP.13, 2/CP.14, 4/CP.14(1c)

Third Overall Performance Study (OPS3)

2/CP.12, 7/CP.13(1e)

Transparency of review process

11/CP.17(1b), 6/CP.19(16)

Two-track programming approach

12/CP.1



ABOUT THE GEF

The Global Environment Facility is a partnership for international cooperation where 183 countries work together with international institutions, civil society organizations and the private sector, to address global environmental issues.

Since 1991, the GEF has provided \$12.5 billion in grants and leveraged \$58 billion in co-financing for 3,690 projects in 165 developing countries. For 23 years, developed and developing countries alike have provided these funds to support activities related to biodiversity, climate change, international waters, land degradation, and chemicals and waste in the context of development projects and programs.

Through its Small Grants Programme (SGP) the GEF has made more than 20,000 grants to civil society and community based organizations for a total of \$1 billion.

Among the major results of these investments, the GEF has set up protected areas around the world equal roughly to the area of Brazil; reduced carbon emissions by 2.3 billion tonnes; eliminated the use of ozone depleting substances in Central and Eastern Europe and Central Asia; transformed the management of 33 major river basins and one-third of the world's large marine ecosystems; slowed the advance of desertification in Africa by improving agricultural practices—and all this while contributing to better the livelihood and food security of millions of people.

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