

Call for inputs regarding the biennial assessment and overview of climate finance flows of the Standing Committee on Finance: GEF Secretariat response

(i) Comments on the draft outline of the report: Are there any missing elements/aspects?

The GEF Secretariat finds the draft outline comprehensive. We note that definitions of climate finance have not been explicitly included in the draft outline. Given the call for inputs, however, we assume that definitions would be considered. This could be done in Section A.2 as part of an overview and assessment of climate finance.

(ii) Contributions for the overview section of the report (data, recent and upcoming reports, on-going research)

The GEF Secretariat has initiated work on its annual report to the UNFCCC COP. A first draft of the COP 20 report; which covers the period from July 1, 2013 to June 30, 2014; will be shared with the UNFCCC Secretariat for comments in mid-July 2014 and a final report will be available by the end of the month. The COP report provides a comprehensive overview of GEF funding towards climate change mitigation and adaptation, technology transfer, as well as National Communications, BURs and other enabling activities over the reporting period as well as cumulatively since inception. For your reference, the GEF report to COP 19 may be found here: <http://unfccc.int/resource/docs/2013/cop19/eng/03.pdf>. Previous GEF reports to the COP and the SBI from 2006 onwards are found on the GEF website (http://www.thegef.org/gef/reports_UNFCCC).

In addition to the annual report, the Committee may find useful the following resources:

Annual Monitoring Review FY 13 - Part I

<http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF.C.45.05%20Annual%20Monitoring%20Review%20FY%202013%20-%20Part%20I%20October%209%202013%20Final.pdf>);

Annual Monitoring Review FY 13 – Part II (to be made available on the GEF website by the end of April 2014);

FY 13 Annual Monitoring Report for the Least Developed Countries Fund and the Special Climate Change Fund (to be made available on the GEF website by the end of April 2014);

Progress Report for the Least Developed Countries Fund and the Special Climate Change Fund (October 2013)

http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF-LDCF.SCCF_.15-03.%20Progress%20Report%20on%20the%20LDCF%20and%20the%20SCCF.%20DR AFT%206.%202013-10-10.pdf);

Progress Report for the Least Developed Countries Fund and the Special Climate Change Fund (April 2014) (to be made available on the GEF website by the end of April 2014); and

Fifth Overall Performance Study (OPS5)

(<http://www.thegef.org/gef/sites/thegef.org/files/EO/Final%20OPS5%20Report%20-%20At%20Crossroads%20for%20Higher%20Impact.pdf>).

Previous Annual Monitoring Reviews (AMR) and Progress Reports are found on the GEF website, under GEF Council Documents and LDCF/SCCF Council Documents (http://www.thegef.org/gef/gef_Documents_Publications). Previous Overall Performance Studies (OPS) are found on the Evaluation Office website (<http://www.thegef.org/gef/OPSs>).

(iii) Criteria for assessment: against which criteria the finance flows should be assessed and how this assessment should be done

As identified in the draft outline; effectiveness, efficiency, transparency and country ownership are core criteria for assessing climate finance flows. For GEF operations, several of these criteria have been further defined and applied in OPS5 (see link above). Specific indicators corresponding to some of these criteria are also found in the AMRs (see link above).

(iv) Technical and analytical studies on definitions of climate finance

The GEF provides grant and concessional funding towards climate change mitigation projects and programs to meet the agreed incremental costs of measures to achieve agreed global environmental benefits. In 2011, the GEF provided updated guidelines for project financing, along with definitions of incremental cost and co-financing (http://www.thegef.org/gef/sites/thegef.org/files/documents/C.41.Inf_.04_Guidelines_for_Project_Financing.pdf).

For climate change adaptation, the GEF provides financing through the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) to meet the full additional cost of adaptation. The concept of additional cost has been defined in the 2012 *Updated Operational Guidelines* for each fund (<http://www.thegef.org/gef/sites/thegef.org/files/documents/Updated%20Operational%20Guidelines%20LDCF%20Oct.16.pdf>); and (<http://www.thegef.org/gef/sites/thegef.org/files/documents/Updated%20Operational%20Guidelines%20SCCF%20Oct%2016.pdf>)

(v) Finance needs, including finance for technology, capacity building, forestry, adaptation and mitigation, and readiness to receive climate finance

The GEF monitors closely the demand for resources for climate change adaptation under the LDCF and the SCCF. This demand was last summarized in the *Draft GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund* (see paragraphs 85-86; 103-104;

http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF.LDCF_.SCCF_.15.Inf_.02,%20DRAFT%20Programming%20Strategy%20on%20Climate%20Change%20Adaptation%20for%20the%20LDCF%20and%20the%20SCCF,%20CLEAN,%202013-10-09.pdf).

(vi) Assessment of experience in mobilizing private funds using public finance

A recent assessment of the GEF's experience in mobilizing private funds using public finance is summarized in OPS5 (see link above, paragraphs 198-207). Of relevance is also an overview of non-grant financing provided to inform the negotiations over the sixth replenishment of the GEF (*Strategic Positioning for the GEF*, paragraphs 41-56, http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF_R.6_19,%20Strategic%20Positioning%20for%20the%20GEF,%20final,%20November%2020,%202013.pdf). To date, GEF projects involving non-grant instruments have been overwhelmingly focused on climate change mitigation.

The private sector is one of three largest contributors of GEF project co-financing, particularly in climate change mitigation projects and programs. In climate change mitigation, the private sector accounted for 32 per cent of co-financing in the November 2013 work program, with ratio of GEF funding to private co-financing of 1 to 3.81. (see Table 5 in the Nov. 2013 Work Program, <http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF.C.45.08%20Work%20Program%20Oct%202%20Final.pdf>).

Previous Work Program Cover Notes, including a breakdown of co-financing by source, are found on the GEF website under GEF Council Documents (see link above).

(vii) Analyses of the experience of fast-start finance

While several contributing members to the GEF have considered a share of their contributions towards the fifth replenishment of the GEF Trust Fund (GEF-5, July 1, 2010 to June 30, 2014) as part of their overall fast-start finance commitments, the precise share of fast-start finance in GEF-5 is difficult to determine and, consequently, so is the impact of fast-start finance on the overall size of the replenishment.

With respect to climate change adaptation, the GEF has seen a marked increase in voluntary contributions to the LDCF and the SCCF from 2010 onwards (please see figures 1 and 2 below).

Figure 1: Total cumulative pledges to the LDCF (million USDeq.) at end of fiscal year (June 30)

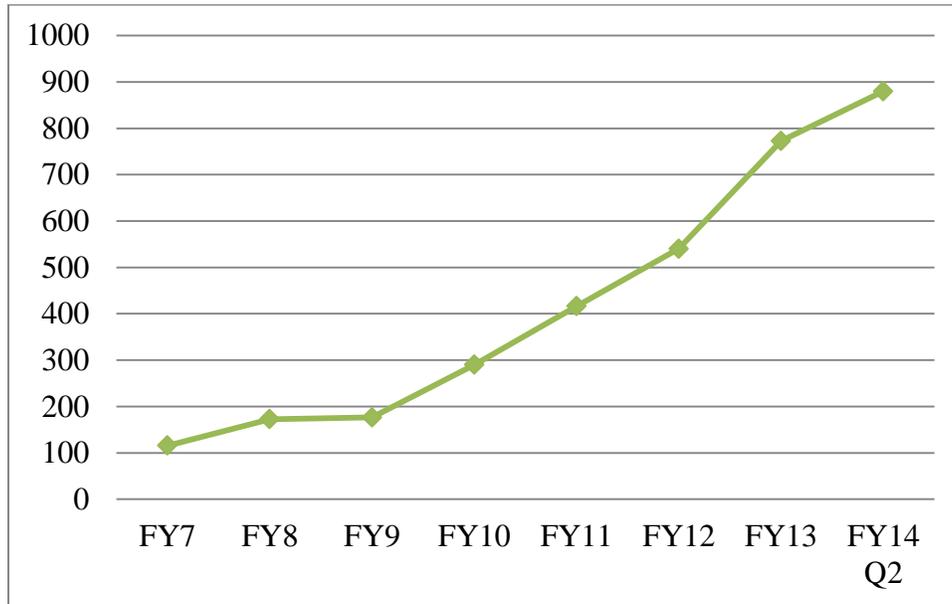


Figure 1: Total cumulative pledges to the SCCF (million USDeq.) at end of fiscal year (June 30)

