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Sixth review of the Financial Mechanism

Technical paper

By decision 3/CP.4, the Conference of the Parties (COP) decided to review the Financial Mechanism of the Convention every four years in accordance with Article 11, paragraph 4, of the Convention. At COP 20, the COP decided to initiate the sixth review of the Financial Mechanism at COP 22. The COP adopted the updated guidelines for the sixth review and requested the Standing Committee on Finance (SCF) to provide expert inputs to the sixth review, with a view to finalizing the review at COP 23 (November 2017). The secretariat prepared this technical paper in response to a request by the SCF. The paper aims at providing insights that can inform the SCF when deliberating on the effectiveness of the Financial Mechanism and preparing its expert inputs to be submitted to the COP.

Summary of the technical paper on the sixth review of the Financial Mechanism and recommendation by the SCF to the COP

[PLACEHOLDER] [Draft contained in the annex to the SCF background document]

Acronyms

ABD	Asian Development Bank
AC	Adaptation Committee
AE	Accredited Entity
AfDB	African Development Bank
AMA	Accreditation Master Agreements
AMR	Annual Monitoring Review of the Global Environment Facility
BA	Biennial Assessment and Overview of Financial Flows
BRs	Biennial Reports
BURs	Biennial Update Reports
C&A	Compilation and Analysis of Previous Guidance Provided to the operating entities of the Financial Mechanism
CBIT	Capacity Building Initiative for Transparency of the Global Environment Facility
CCA	Climate Change Adaptation at the Global Environment Facility
CCM	Climate Change Mitigation focal area at the Global Environment Facility
CEO	Chief Executive Officer
CIF	Climate Investment Funds
COP	Conference of the Parties
CSO	Civil Society Organization
CTCN	Climate Technology Centre and Network
DAE	Direct Access Entity of the Green Climate Fund
ECW	Expanded Constituency Workshop of the Global Environmental Facility
EBRD	European Bank for Reconstruction and Development
ESS	Environmental and Social Safeguards
FP	Focal Point
FSPs	Full-sized Projects
GCF	Green Climate Fund
GEAP	Gender Equality Action Plan of the Global Environment Facility
GEF	Global Environment Facility
GEF IEO	Independent Evaluation Office of the Global Environment Facility
GEF-5	Fifth replenishment cycle of the Global Environment Facility
GEF-6	Sixth replenishment cycle of the Global Environment Facility
GEF-7	Seventh replenishment cycle of the Global Environment Facility
GEFTF	Global Environment Facility Trust Fund
GGP	Global Environment Facility Gender Partnership
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IADB	Inter-American Development Bank
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contributions
IPCC	Intergovernmental Panel on Climate Change
KfW	Kreditanstalt für Wiederaufbau (German development bank)
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
MDBs	Multilateral Development Banks
MSPs	Medium-Size Projects
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaptation Plan
NAPA	National Adaptation Programmes of Action
NCSA	National Capacity Self-Assessment
NDA	National Designated Authority to the Green Climate Fund
NFP	National Focal Point

NGO	Non-governmental Organization
NGPP	Non-Grant Pilot Program of the Global Environment Facility
NPFE	National Portfolio Formulation Exercise
OPF	Operational Focal Point of the Global Environment Facility
OPS5	Fifth Overall Performance Study of the Global Environment Facility
OPS6	Sixth Comprehensive Evaluation of the Global Environment Facility
PIFs	Project Identification Forms
PPCR	Pilot Program For Climate Resilience
PPF	Project Preparation Facility of the Green Climate Fund
PSAG	Private Sector Advisory Group to the Board of the Green Climate Fund
PSF	Private Sector Facility of the Green Climate Fund
PSPTT	Poznan Strategic Programme on Technology Transfer
RCM	Readiness Coordination Mechanism
REDD-plus	Activities listed under decision 1/CP.16, paragraph 70: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.
SCCF	Special Climate Change Fund
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
STAR	System for Transparent Allocation of Resources at the Global Environment Facility
TEC	Technology Executive Committee
TNAs	Technology Needs Assessments
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WRI	World Resources Institute

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I. Introduction

A. Mandate

1. By decision 3/CP.4, the Conference of the Parties (COP) decided to review the Financial Mechanism every four years in accordance with the provisions of Article 11, paragraph 4, of the Convention. At its twentieth session, the COP decided to initiate the sixth review of the Financial Mechanism at its twenty-second session. At its twenty-second session, the COP adopted the updated guidelines for the sixth review of the Financial Mechanism¹ and requested the Standing Committee on Finance (SCF) to provide expert input to the sixth review with a view to the review being finalized at COP 23.
2. The SCF, at its fifteenth meeting, requested the secretariat to prepare a technical paper, which will inform the Committee in preparing its expert input to be submitted to the COP.

B. Objective of the technical paper

3. In line with the objectives outlined in the updated guidelines for the sixth review, this paper aims at providing insights on the elements that will be reviewed by the SCF when deliberating on the effectiveness of the Financial Mechanism. These elements include:
 - (a) The conformity of the Financial Mechanism with the provisions of Article 11 of the Convention and the guidance provided by the COP;
 - (b) The effectiveness of the activities funded by the Financial Mechanism in implementing the Convention;
 - (c) The effectiveness of the Financial Mechanism 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;
 - (d) The effectiveness of the Financial Mechanism in providing resources to developing countries under Article 4, paragraph 3, of the Convention;
 - (e) The effectiveness of access modalities for developing countries.
4. The paper also aims at providing elements for the deliberations of the COP on how to further enhance the consistency and complementarity between the operating entities of the Financial Mechanism and between the operating entities and other sources of investment and financial flows.
5. The findings contained in this paper may serve as a basis for the SCF to prepare conclusions and recommendations for the COP.

C. Scope and methodology

6. This paper elaborates on the policies, procedures and activities of the Financial Mechanism, including its operating entities and the funds under the Convention that are managed by the Global Environment Facility (GEF), the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF) and bilateral, regional and other multilateral channels through which financial resources related to the implementation of the Convention are provided. Furthermore, this paper also examines how consistency and complementarity are sought between the activities funded under the Convention and those supported by the other sources of investment and financial flows.
7. This paper is informed by desk research and literature review of the sources of information identified in the updated guidelines,² complemented by other sources of information, which include:

¹ Annex to decision 12/CP.22.

² Annex to decision 12/CP.22, section B.

- (a) Submissions received on the sixth review of the Financial Mechanism;³
- (b) Past decisions of the COP related to the Financial Mechanism;
- (c) Information from the secretariats of the operating entities of the Financial Mechanism;
- (d) Information from bilateral and multilateral channels of climate finance to assess the level of consistency and complementarity of the Financial Mechanism with other sources of investment and financial flows;
- (e) Information from other constituted bodies of the Convention, including their submissions;
- (f) Information from an appropriate sample of recipient countries to complement aspects where information is not fully available through sources and literature listed in the updated guideline.

II. Assessment and key findings

8. This chapter seeks to provide insights on the aspects that will be assessed by the SCF in deliberating on the effectiveness of the Financial Mechanism. In so doing, it reviews the policies, procedures and activities of the operating entities against the criteria identified in the updated guidelines for the review. As agreed by the SCF at its fifteenth meeting,⁴ and in line with approach taken during the fifth review of the Financial Mechanism, these criteria have been grouped into the following chapters:

- A. Governance;
- B. Responsiveness of the operating entities of the Financial Mechanism to guidance from the COP;
- C. Mobilization of financial resources;
- D. Delivery and effectiveness of financial resources;
- E. Results and impacts achieved with the resources provided;
- F. Consistency of the Financial Mechanism with the objective of the Convention;
- G. Consistency and complementarity of the Financial Mechanism with the other sources of investment and financial flows.

A. Governance

9. This chapter examines characteristics of the governance, the GEF and the Green Climate Fund (GCF), from the perspective of transparency of the decision making processes, stakeholder engagement and policies relating to gender, environmental and social safeguards (ESS) and fiduciary standards.

A.1. Transparency of the decision-making process of the operating entities

A.1.1. Overview of governance arrangements

10. This chapter presents the governance arrangements of the two operating entities, namely the GEF and the GCF. Both operating entities function under a constituency-based governing body (Board or Council), with regional representation and with representation from major groups, as seen in Table 1 below. The LDCF and the SCCF, established by the COP and managed by the GEF, follow a similar governance structure to that of the GEF Trust Fund (GEFTF); however, they are overseen by a distinct LDCF/SCCF Council which meets concurrently with the GEF Council.

³ Decision 12/CP.22, paragraph 3.

⁴ SCF/2014/6/11, paragraph 22.

Table 1
**Description of governance arrangements of the Green Climate Fund and the
 Global Environment Facility**

Governance structure	Green Climate Fund	Global Environment Facility
Body	Board, which meets three times annually	<p>Council, which meets twice annually</p> <p>Assembly, which meets every four years with the primary role of endorsing the replenishment programming directions</p>
Membership	<p>Board:^c 24 members, composed of an equal number of members from developing and developed country Parties, with one alternate member each.</p> <p>Developing country parties select Board Members on a constituency basis, as well as regionally.</p>	<p>Council:^a 32 members, representing constituency groupings</p> <p>16 members from developing countries 14 members from developed countries 2 members from Central and Eastern Europe and the former Soviet Union.</p> <p>An equal number of alternate members. The member and alternate member representing a constituency are appointed by the Participants^b in each constituency.</p> <p>Assembly: consists of representatives of all Participants</p>
Term limits for members	Three years, eligible to serve additional terms as determined by the constituency. ^d	Three years or until a new member is appointed by the constituency, whichever comes first, with the possibility of reappointment.
Chairmanship	Two co-chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party	A co-chair is elected from among members for the duration of each meeting. The position alternates from one meeting to another between recipient and non-recipient Council members. The GEF Chief Executive Officer (CEO) serves as the other co-chair.

^a For further details, see the GEF Instrument (Instrument for the Establishment of the Restructured Global Environment Facility). 2015. Available at <https://www.thegef.org/sites/default/files/documents/GEF_Instrument-Interior-March23.2015.pdf>.

^b In the GEF Instrument, GEF member countries are referred to as Participants. In general terms there are developed and developing Participants in the GEF.

^c GCF Governing Instrument, paragraphs 9–10.

^d GCF Governing Instrument, paragraphs 12.

A.1.2. Decision-making of the governing bodies

11. Decisions in both governing bodies of the operating entities are made by consensus, and voting is seldom invoked. Decision making procedures at the GEF and the GCF are presented in Table 2 below:⁵

Table 2

Decision-making procedures at the Green Climate Fund and the Global Environment Facility

	Green Climate Fund	Global Environment Facility
Quorum	A two-thirds majority of Board members must be present at a meeting to constitute a quorum	Two-thirds of the members of the Council shall constitute a quorum
Voting rights	Under development	Each member of the Council shall cast the votes of the Participant or Participants he/she represents
Polling procedure	Under development	Double-weighted majority (60% of participants and 60% of total contributions) Votes cast by each member on behalf of each Participant are recorded in the Chairs' joint summary of the meeting

12. Proceedings of the governing bodies of both operating entities are webcasted to the public and open to observer attendance, except for closed executive sessions. Discussions that may be the subject to closed or executive sessions are left to the discretion of the chairs, or upon request from a member. Information on open discussions is broadly disseminated by reporting services, such as the Climate Finance Advisory Service (which covers the meetings of the GCF Board, the SCF and the Adaptation Fund (AF) Board),⁶ and the International Institute for Sustainable Development Reporting Services (which covers climate and environment conferences more broadly). Participation in the regular discussions and decision-making of the two operating entities are restricted to the members of the governing bodies.

13. Inter-sessional decisions⁷ occur in both operating entities. In the context of the GEF, Council decisions between meetings are made on project concept approvals through the intersessional work programmes. The process allows all Council members and observers to provide comments. The GEF Rules of Procedure also allows submission of draft decisions to Council members on a no-objection basis.⁸ Under the GCF, inter-sessional decisions may only occur on an exceptional basis and a clear process for the circulation of

⁵ See the GEF Instrument, Section IV, page 20 (Instrument for the Establishment of the Restructured Global Environment Facility, 2015. Available at <https://www.thegef.org/sites/default/files/documents/GEF_Instrument-Interior-March23.2015.pdf>) and GCF, Rules of Procedure of the Board, section VII, page 10, available at: <https://www.greenclimate.fund/documents/20182/574763/GCF_policy_-_Rules_of_Procedure.pdf/9d55fae7-f4df-45fe-a3f3-754bc0d98e67>.

⁶ The Climate Finance Advisory Service is an initiative which is delivered by a consortium of experts led by Germanwatch e.V. and funded by the Climate and Development Knowledge Network. See <<http://www.cfes.info/en>>.

⁷ Decisions without Council/Board meetings or in-between meetings.

⁸ GEF, Rules of Procedure of the Council, page 17: <http://www.thegef.org/sites/default/files/publications/11488_English_2.pdf>.

intended Board decisions is set out under the rules of procedure.⁹ Decisions taken in between Board meetings have included decisions on appointments, accreditation, venue of meetings and administrative issues for which urgent action was required.

14. However, in some instances, observers raised concerns regarding decisions that have been made in between GCF Board meetings. For example, at the 13th GCF Board meeting (2016), a “civil society organization (CSO) active observer took the floor to comment on the process for taking decisions between meetings, highlighting two of the decisions taken as of particular importance to civil society and other observers: decision B.BM-2016/11 on the terms of reference for the review of observer participation and decision B.BM-2016/12 on updating the GCF Gender policy and Gender action plan. They noted that some consultation had been held on these matters, but that as active observers, they are unable to comment on between meeting decisions and therefore were unable to provide input either prior to or during the Board meeting on these decisions.”¹⁰

15. Procedures for decisions in the absence of consensus are clearly articulated in the rules of procedure for both the GCF Board and the GEF Council and Assembly. In a rare occasion where consensus fails to materialize on the approval of a project or a policy, a number of formal and informal options are availed, such as:

- (a) Adoption of a decision may be postponed while Parties negotiate informally or formally;
- (b) A member who objects can register a formal concern or objection in the proceedings of the meeting without blocking consensus;
- (c) Voting may be called, according to the rules of procedure.

16. In accordance with the fifth review of the Financial Mechanism¹¹ and as per paragraph 14 of the Governing Instrument for the GCF, the GCF Board was scheduled to develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted. The twelfth GCF Board requested the co-chairs of the Board to consult the members with a view to presenting, for consideration by the Board, further options for decision-making in the absence of consensus no later than its fifteenth meeting.¹² As of the seventeenth Board meeting (July 2017), decision on this issue is still pending.

A.1.3. Availability and accessibility of information

17. The operating entities have provisions for advanced circulation of documents and prescribed periods for commenting on various types of documents, including project proposals¹³. However, in some instances, as some non-governmental organizations (NGOs) have noted, the required procedures may not have been systematically respected: “... public notification for a number of [GCF] projects were out of compliance with the Fund’s information disclosure policy, which requires a 120-day notification period for proposals with high social and environmental risk.”¹⁴

⁹ GCF, Rules of procedure of the Board, page 11:

<https://www.greenclimate.fund/documents/20182/574763/GCF_policy_-_Rules_of_Procedure.pdf/9d55fae7-f4df-45fe-a3f3-754bc0d98e67>.

¹⁰ GCF document GCF/B.13/33, paragraph 17.

¹¹ SCF/TP/2014/1, paragraph 17.

¹² GCF Board decision B.12/11, paragraph (a).

¹³ GCF Comprehensive Information Disclosure Policy:

<https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_24_-_Comprehensive_Information_Disclosure_Policy_of_the_Fund.pdf/f551e954-baa9-4e0d-bec7-352194b49bcb> and <<http://www.greenclimate.fund/disclosure/information-disclosure-policy>>.

See also GEF Project and Program Cycle Policy at <https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.50.08.Rev_.01_GEF_Project_and_Program_Cycle_Policy_0.pdf>.

¹⁴ <http://www.aida-americas.org/sites/default/files/featured_pubs/letter_to_green_climate_fund_board_12-dec-2016.pdf>.

18. In addition, as English is the working language of both entities, it limits the accessibility of information to a number of Parties and stakeholders. However, the GEF provides simultaneous translation to French and Spanish and translates some key Council documents, while the GCF also makes provisions for translation upon request during meetings.¹⁵

19. To further enhance the availability and accessibility of information, the GEF and the GCF have developed procedures that can be used by stakeholders to request information that is not disclosed. The GEF information disclosure policy also provides for a complaint mechanism,¹⁶ while the GCF is currently creating an Information Appeals Panel. As a first step, both secretariats are able to respond to ad hoc requests for information.

20. The fifth review of the Financial Mechanism concluded that there is room for improvement in disclosure by and accountability of the GEF agencies.

21. In addition, early documentation from the Sixth Comprehensive Evaluation of the GEF (OPS6)¹⁷ also indicates that the GEF could further improve access to specific types of information, such as project-based monitoring and evaluation documents. Since the fifth Review, the GEF has also taken further measures to improve accessibility of information, which includes providing enhanced access on the GEF website to all legal agreements concluded between the secretariat, the Trustee and the Agencies¹⁸, as well as information regarding mechanisms for conflict resolution and accountability by agencies.¹⁹

22. The GEF has also undertaken steps to further address transparency, accountability and integrity concerns, such as those that were highlighted in the 2014 Transparency International Report and noted in the technical paper supporting the fifth Review of the Financial Mechanism.²⁰ These include for example the publication of project information for the GEFTF, LDCF and SCCF projects, the development and dissemination of an updated Information Disclosure Policy, as well as providing clearer information on the conflict resolution, grievance and dispute mechanisms put in place by the GEF Agencies.²¹

23. In 2016, the evaluation of the LDCF undertaken by the GEF Independent Evaluation Office (GEF IEO) concluded that the lack of funding predictability had impacted the overall perception of transparency in the governance of the LDCF. In particular, some stakeholders had stated that “they would appreciate more clarity regarding the outstanding LDCF balance for their country/the country in which they work. Although the LDCF operates on a first-come first-served basis, there are transparency concerns regarding decisions on which projects would be financed and in what order.”²² It should be noted, however, that the GEF provides Progress Reports on the LDCF and the SCCF twice a year on resources accessed by country, as well as on resources requested for technically cleared projects and total potential resources available for

¹⁵ Independent Evaluation of the Adaptation Fund – First Phase Evaluation Report: <https://www.adaptation-fund.org/wp-content/uploads/2015/11/TANGO-ODI-Evaluation-of-the-AF_final-report.pdf>.

¹⁶ GEF document C.41/INF.3, paragraph 56: <https://www.thegef.org/sites/default/files/council-meeting-documents/C.41.Inf_03_GEF_Practices_on_Disclosure_of_Information_4.pdf>.

¹⁷ GEF IEO Briefing – OPS6: Update and Synthesis March 2017, page 3:

<<https://www.thegef.org/sites/default/files/council-meeting-documents/OPS6-Evaluation-Briefs-2017.pdf>>.

¹⁸ See <<https://www.thegef.org/agency-mob-financial-procedures-agreement>>.

¹⁹ <<http://www.thegef.org/content/conflict-resolution-commissioner>>.

²⁰ Transparency International, Protecting Climate Finance: a transparency assessment of the GEF, LDCF and SCCF: <https://www.transparency.org/whatwedo/publication/protecting_climate_finance_assessment_gef_ldcf_sccf>.

²¹ For more detail on progress, see Transparency International, 2017, Protecting climate finance progress update on the Global Environment Facility’s anti-corruption policies and practices: <http://files.transparency.org/content/download/2137/13560/file/2017_ProtectingClimateFinance_GEFProgressUpdate_EN.pdf>.

²² GEF IEO. 2016. Program Evaluation of the Least Developed Countries Fund, page.29: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/ldcf-2016.pdf>>.

additional programming given the country-ceiling, for each individual LDC. The latest such report was submitted to the 22nd LDCF and SCCF Council meeting in May 2017.²³

24. According to the GEF secretariat, with a view to further enhancing the availability, accuracy, quality and timeliness of data on GEF financing, operations and results, the secretariat aims to launch an upgraded information management platform by the beginning of GEF-7 in July 2018.

A.1.4. Ethics, rules of procedure and dispute resolution mechanisms

25. Participation in both governing bodies of the operating entities is guided by ethical considerations, rules and procedures. At its ninth meeting, the GCF Board adopted a policy on ethics and conflicts of interest for the Board that requires covered individuals (Board members, Alternate members and advisors) to disclose all actual or potential conflicts of interest as soon as they arise and to recuse themselves from participating in the proceedings of the panel or group with respect to such matters.²⁴ GCF secretariat staff also sign such declarations. There are also different and specific requirements for the Executive Director and members of the Independent Integrity Unit as well as bodies established by the Board, such as the independent Technical Advisory Panel, established by GCF decision B.07/03 to provide an independent technical assessment of, and advice on, funding proposals.

26. The GEF, at its May 2017 Council meeting, approved a Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisors, and also created an ethics committee.²⁵ The policy also requires covered individuals (Council Member, Alternate Council Member, or Adviser, who are not working for or assigned to the GEF secretariat) “to disclose the existence of any actual, apparent, or potential conflict of interest” annually.²⁶ The policy foresees a process for addressing, through the Ethics Officer, Ethics committee and Council, cases in which conflicts of interest arise.

27. Another aspect of transparency in decision-making is the extent to which stakeholders have recourse to and may freely make criticisms and complaints, and resolve conflicts. The GEF and the GCF, enforce clear rules related to conflicts of interest and ethics, and set up procedures and mechanisms for considering potential breaches to the rules.^{27,28}

28. No independent assessment of the transparency of decision-making at the GCF currently exists. However, the GCF policy instruments exhibit similar characteristics to those of the GEF and other bodies: the existence of a clear information disclosure policy and guidelines, redress and conflict resolution mechanisms, all indicate that the level of transparency at the GCF – if carefully implemented and monitored – will be comparable to those practiced in similar bodies.

A.2. Engagement of stakeholders in meetings and operations

29. The intent by the operating entities to install a climate of transparency is visible through the mechanisms in place for ensuring adequate and meaningful stakeholder participation at meetings and in operations. Both operating entities include provisions for observer participation at meetings of the governing bodies from various groups, including civil society, the private sector and international organizations. The engagement of different groups differs at various stages of the operationalization of the funds. The chapter below looks in particular at engagement by CSOs and private sector entities.

²³ GEF document GEF/LDCF.SCCF.22/03/Rev.01.

²⁴ GCF document GCF/B.10/13/Rev.01.

²⁵ GEF document GEF/C.52/04, page 3.

²⁶ GEF document GEF/C.52/04, paragraphs 2.7 and 4.1.

²⁷ GCF document GCF/B.10/13/Rev.01.

²⁸ See <<https://www.thegef.org/content/conflict-resolution-commissioner>>. See also GEF document GEF/C.52/04.

A.2.1. Engagement of civil society organizations

30. In the GCF, the Board invites four observers to participate to its meetings as active observers: two civil society representatives, one each from a developing and a developed country; and two private sector representatives, one each from a developing and a developed country. Active observers are identified through a self-selection process. Representation is for a term of two years, with a maximum of two consecutive terms.²⁹ Participation of other observers is limited to an overflow room, and statements from active observers may be made by respective active observer(s), upon invitation of the Chair and if there is no objection. In 2016, the GCF reported that over 368 organizations from all over the world were accredited as observers, including 67 private sector organizations.³⁰

31. The CSOs, including indigenous peoples' representatives can attend GEF Council meetings. CSO representatives may make statements on behalf of their constituency during Council debates and discussions; they are invited to do so at the end of each agenda item, and the statements are recorded in the summary of meetings. In addition to the above, the GEF organizes a special session/day dedicated to CSOs before Council and Assembly meetings.³¹ The GEF secretariat provides financial and logistical support to the regional meetings of CSOs on the day prior to Expanded Constituency Workshops (ECWs) and a selected number of CSO network members also receive financial support to participate in Council meetings.³² There is no financial support for CSOs to participate at GCF meetings, and active observers are self-supported. By way of comparison, "the Adaptation Fund NGO Network, which is composed of 10 financially supported NGOs in developing countries and coordinated by a German NGO, currently receives core funding through the German government (...) Besides the financially supported partners, the Adaptation Fund NGO Network has more than 165 associated members."³³ Lack of access to funding has been mentioned by regional NGO FPs as a limiting factor to meaningful engagement in the GEF.³⁴

32. Regarding stakeholder participation in the GEF, the fifth review noted that "the transparency of Council meetings could be bolstered by opening them to a larger number of observers."³⁵ Measures taken to bolster observer participation include the establishment of "an ad-hoc working group of interested Council Members to develop an updated vision of the relationship between the GEF and civil society, and a plan to achieve it."³⁶ The working group's first report to the GEF Council in May 2017 provides recommendations on ways and means to improve participation of CSOs in the work of the GEF.³⁷ Further discussion is expected in 2017.

33. At the operational level, the GCF has also been inviting and facilitating the participation of CSOs and NGOs in the Structured Dialogues, which have occurred in Africa, Asia, Eastern Europe, the Caribbean and the Pacific. The stated purpose of the GCF Structured Dialogue is "to develop a roadmap for priorities of the Fund" in each region. Discussions provide opportunities for "GCF stakeholders to increase their understanding of GCF modalities and procedures, to identify priority projects, and to share their experiences in engaging with the Fund across key areas."³⁸

²⁹ GCF document GCF/B.01-12/03 .

³⁰ <<http://www.greenclimate.fund/boardroom/the-board/observers/civil-society>>.

³¹ GEF document GEF/C.47/INF.06.

³² See for example <<https://www.thegef.org/partners/csos>>.

³³ See for example: GEF CSO Network, Review of the GEF Public Involvement Policy: <www.gefngo.org/view_file.cfm?fileid=939>.

³⁴ Ibid., page 9.

³⁵ SCF/TP/2014/1, paragraph 15.

³⁶ GEF document GEF C.52/INF.11, page 4.

³⁷ GEF document GEF/C.52/INF.12.

³⁸ See for example: <<http://www.greenclimate.fund/-/gcf-structured-dialogue-with-asia>>.

34. The GEF secretariat invites CSOs, including indigenous peoples' representatives and other potentially interested stakeholders and members of the public, to GEF workshops, including ECWs, national dialogues and National Portfolio Formulation Exercises (NPFs). The GEF has encouraged its country focal points (FPs) to hold at least one meeting every year with all interested CSOs.

35. Over the past few years, the GEF-CSO network has professionalized and developed its own strategic vision and planning, as well as internal governing structures and mechanisms. In 2015, the GEF-CSO network was composed of 500 members.³⁹ An evaluation of the GEF CSO network concluded that it had been influential in shaping GEF policies, particularly the "Policy on Public Involvement in GEF Projects, the GEF Policy on Minimum Standards on ESS, and support to indigenous peoples. The Network's efforts before and at replenishment meetings were also noted as an important contribution of the Network to ensure robust replenishments with strategic orientation."⁴⁰

36. The "GEF 2020: Strategy for the GEF" presented to the Council in May 2014 indicated that the GEF would seek a stronger engagement with CSOs in the global environment arena.⁴¹ Guidelines on the operationalization of this policy were presented and approved in 2014 and through an ad hoc working group, the GEF is currently considering options for strengthening CSO participation and involvement, including updating the existing policy on public participation, which is expected to be discussed at the November 2017 Council meeting.⁴²

37. While the GEF and the GCF require that stakeholder consultation and active participation be extended all the way to the local level during project preparation and implementation, and be documented, there are no harmonized criteria for qualifying or characterizing such engagement and none of the entities have a process to verify information received, beyond the redress mechanisms.⁴³

A.2.2. *Engagement of recipient countries*

38. The GEF actively engages with the recipient countries to facilitate communication with the GEF and promote coherence and coordination on the national level by, inter alia, holding ECWs, national dialogues and NPFs, ECWs aim to provide an opportunity for GEF political and operational FPs, national Convention FPs, including United Nations Framework Convention on Climate Change (UNFCCC) National Focal Points, and other key partners, to discuss and plan GEF programming and strategy at the national and regional level.⁴⁴ The GEF notes that many of the FP representatives are also GEF Council members and national climate change decision-makers. In Fiscal Year 2017 (July 2016-June 2017), the GEF secretariat held 12 ECWs that covered 144 countries.

39. Regarding the NPFs, the fifth review found that their promotion by the GEF during the fifth replenishment of the GEFTF (GEF-5) has helped to improve transparency at the stage of project preparation and recipient countries were encouraged to continue to undertake the NPFs to facilitate the identification of projects.⁴⁵

40. A total of 138 countries have selected GCF national designated authorities (NDAs) and FPs. As of May 2017, 75 countries and 101 requests had been approved for support under the Readiness and

³⁹ See <<http://www.gefcsso.org/index.cfm?&menuid=2&lang=EN>> (last accessed 16 May 2017).

⁴⁰ GEF IEO. 2016. Evaluation of the GEF – Civil Society Organization Network, Volume 1, page 33:

<<http://www.gefio.org/sites/default/files/ieo/evaluations/files/cso-network-vol1.pdf>>.

⁴¹ GEF document GEF/C.47/INF.06, paragraph 4.

⁴² GEF document GEF/C.52/INF.12.

⁴³ Transparency International. 2011. Policy Position: Guaranteeing Public Participation in Climate Governance, page 2: <http://files.transparency.org/content/download/121/487/file/2011_1_PP_PublicParticipationClimate_EN.pdf>.

⁴⁴ FCCC/CP/2017/7.

⁴⁵ SCF/TP/2014/1, paragraph 9.

Preparatory Support Programme, which has received an initial allocation of USD 30 million.⁴⁶ The program disbursed USD 6 million to date. The GCF secretariat has worked to engage with recipient countries through events such as Structured Dialogues by region, Regional Workshops, Direct Access Week for national entities, and the development of Country Programmes for enhanced pipelines.

A.2.3. *Private sector engagement*

41. Private sector plays an important role in the GEF Partnership and its operations, including through dedicated programming, and there are ongoing discussions to increase its involvement in the GEF activities to maximize the scale of GEF projects and impacts. According to the GEF IEO, “In GEF-4 and GEF-5, projects geared towards private sector engagement tended to use set-aside funding and included non-grant instruments (NGI), to address important barriers to private sector engagement. More recently, in GEF-6, the Integrated Approach Pilots explicitly provide for engagement with the private sector while the USD 110 million Non-Grant Pilot Program (NGPP) maintains momentum for public and private recipients to use innovative financing models.”⁴⁷

42. The fifth review found that “challenges have been faced when private sector engagement has occurred on an ad hoc basis and has not been integrated at any stage in project design and implementation. The reality of dealing with multiple requirements across GEF Agencies has also erected barriers to effective participation.”⁴⁸ The GEF Council, as part of its policy recommendations for the sixth replenishment of the GEFTF (GEF-6), adopted an updated policy on the use of NGI at the 47th Council meeting in 2014, along with the creation of a NGPP. The NGPP has implemented a portfolio of 10 projects, using USD 91 million: “The full-size projects covered a full range of modalities, including four equity investments, one private sector loan, one risk guarantee, one reimbursable grant. The medium-size projects use debt-aggregation and blended finance.”⁴⁹ In addition, the GEF has noted that private sector participation has been sought at Council level and that project reviews were “complemented by an independent appraisal by three internationally recognized senior financial experts who provided comment on each proposal regarding their financial soundness and reasonability.”⁵⁰

43. Despite these successes, the recent evaluation undertaken by the GEF IEO on the private sector engagement at the GEF finds that “the GEF is...perceived as having weak outreach to the private sector and the specifics of its work are not well known even among a number of its nominal partners. Its funding mechanisms are generally believed to be inaccessible and bureaucratic...the GEF still has much room to improve its private sector engagement.”⁵¹ However, the evaluation also notes the high levels of performance of the existing projects involving private sector, noting that operational constraints such as the Resource Allocation Framework and subsequently the System for Transparent Allocation of Resources (STAR) allocations, may have limited private sector participation.⁵² The evaluation concludes that “The GEF should continue to engage with a wide variety of for-profit entities that vary in their industry focus, size, and approach to environmental issues using a mix of intervention models.”⁵³

44. As for the GCF, the Governing Instrument stipulates that “the GCF will have a Private Sector Facility that enables the GCF to directly and indirectly finance private sector mitigation and adaptation activities at

⁴⁶ <http://www.greenclimate.fund/documents/20182/466883/Readiness_Support_State_of_Play.pdf/60519d7a-e334-40d5-a0ab-86f79b60e36d>.

⁴⁷ GEF IEO, Evaluation of GEF engagement with Private Sector, 2017, paragraph 4:

<<http://www.gef.io/sites/default/files/ieo/evaluations/files/GEF-private-sector-2017-vol1.pdf>>.

⁴⁸ SCF/TP/2014/1, paragraph 21.

⁴⁹ <<http://www.thegef.org/topics/non-grant-instruments>> (last accessed 28 June 2017).

⁵⁰ GEF document GEF/C.49/INF.12, paragraph 8.

⁵¹ GEF document GEF/ME/C.52/Inf. 04/A.

⁵² GEF document GEF/ME/C.52/INF.04/A, paragraph 26.

⁵³ Ibid., paragraph 24.

the national, regional and international levels.”⁵⁴ It also states that the Facility will promote the participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprises and local financial intermediaries, and that it will support activities to enable private sector involvement in small island developing States (SIDS) and the least developed countries (LDCs).⁵⁵ In 2017, the PSF was created and was being staffed. The priorities for action of the PSF for 2017 include the development of a strategic roadmap, and to assist in the operationalization of private sector programs and projects.⁵⁶

45. The GCF strategic plan lays out an action plan for maximizing engagement with the private sector. One of the operational priorities of the GCF strategic plan is maximizing the impact of the GCF by supporting projects and programmes that catalyse climate finance at the international and national levels, including by maximizing private sector engagement.⁵⁷

46. The Private Sector Advisory Group (PSAG) was created through GCF decision B.04/08, to provide advice to the Board on Fund-wide engagement with the private sector and modalities. Membership of the PSAG can include “Up to four private sector representatives from developing countries; (b) Up to four private sector representatives from developed countries; and (c) Up to two civil society representatives from developed and developing countries.”⁵⁸ During the period 2016–2017 the PSAG provided advice on means to strengthen engagement and to address the barriers to private sector participation in climate finance, including a shortlist of recommendations for the Board’s consideration, which is expected to continue during the course of 2017.⁵⁹

A.2.4. *Engagement by indigenous peoples*

47. The fifth review acknowledged the work of the GEF in implementing the principles and guidelines for engagement with indigenous peoples and that it has been appreciated by GEF participants to the replenishment process.⁶⁰

48. GEF engagement with indigenous peoples has been governed by a set of principles and guidelines for engagement with indigenous peoples, as well as the Policy on Agency Minimum Standards on ESS and the Policy on Public participation in projects.⁶¹ This engagement is also guided by the Indigenous Peoples Advisory Group whose purpose is “to enhance coordination between the GEF and Indigenous Peoples.”⁶² An independent evaluation of the GEF’s engagement with indigenous peoples is currently being conducted by the GEF IEO, which is expected to conclude in December 2017.

49. At the fifteenth Board meeting, the GCF Board requested the secretariat to prepare for consideration by the Board, at its seventeenth meeting, a fund-wide Indigenous Peoples Policy” and invited “submissions from the Board, and Alternate members and observer organizations in relation to the development of the GCF Indigenous Peoples Policy.”⁶³ The policy is currently under development. Meanwhile, each REDD-plus⁶⁴/forestry project is assessed on an ad-hoc basis to ensure consultations with stakeholders are carried

⁵⁴ GCF Governing Instrument, paragraph 41.

⁵⁵ Ibid., paragraph 43.

⁵⁶ GCF document GCF, B.17/INF.01.

⁵⁷ FCCC/CP/2016/7/Rev.1.

⁵⁸ GCF Board decision GCF.B.05/13, Annex XIX.

⁵⁹ GCF document GCF/B.16/INF.04/Add.01.

⁶⁰ SCF/TP/2014/1, paragraph 22.

⁶¹ GEF, Principles and Guidelines for Engagement with Indigenous Peoples, paragraph 8: https://www.thegef.org/sites/default/files/publications/GEF_IP_Part_1_Guidelines_r7.pdf

⁶² <https://www.thegef.org/content/indigenous-peoples-advisory-group>.

⁶³ GCF Board Decision B.15/01.

⁶⁴ In decision 1/CP.16, paragraph 70, the CCOP encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing

out and concerns are addressed, including with indigenous peoples' groups. In addition, the GCF has engaged with Indigenous Peoples representative organizations such as Tebtebba Foundation, together with the International Work Group for Indigenous Affairs and the Forest Peoples Programme."⁶⁵ The indigenous people groups report that "To date, indigenous peoples have submitted 16 letters and submissions to the GCF from 2015 to February 2017 on issues in relation to the proposed Indigenous Peoples Policy, safeguards, participation, free, prior and informed consent, grievance and redress mechanism, and access of indigenous peoples, among others."⁶⁶

A.3. Gender-sensitive approaches

A.3.1. Gender policies of the operating entities

50. The GCF Gender Policy and Action Plan was adopted in 2015 by GCF decision B.09/11, with the objective to fully mainstream gender considerations throughout the Fund's administrative and operational processes: it applies to all the Fund's activities, irrespective of the implementing entity, and across the Fund's full project/activity cycle. The policy supports the call in the Fund's Governing Instrument for gender parity in the makeup of the GCF Board and the staff of the GCF secretariat. In addition, the Fund's accreditation process requires that entities seeking accreditation demonstrate that they have policies, procedures and competencies in place in order to implement the Gender Policy and Action Plan. If needed, NDAs/FPs and entities can request readiness and preparatory support from the GCF in order to implement the Gender Policy.⁶⁷

51. In the 2016/2017 reporting period, 89% of the funding proposals approved by the GCF contained an initial gender assessment and 74% contained a project-level gender and social inclusion action plan, which is a design tool rather than a mandatory requirement.⁶⁸ The GCF secretariat is expected to present a review of, and update to, the Gender Policy at the Board's 18th meeting in November 2017.⁶⁹ UN Women and GCF have prepared a Mainstreaming Gender in GCF Projects training manual (forthcoming) with tools and methods to promote gender equality in the development of GCF projects and programmes.⁷⁰

52. At the policy level, the operating entities have each developed and continue to refine comprehensive gender integration policies, including time-bound gender action plans, and gender-related performance indicators. At the operational level, individual projects and programmes are also required to document their integration of gender issues.

53. The GEF's Policy on Gender Mainstreaming was approved in 2011. In 2014, the GEF Council approved the Gender Equality Action Plan (GEAP) to support the implementation of the Policy on Gender Mainstreaming. The GEF secretariat subsequently established the GEF Gender Partnership (GGP) in 2015 to serve as an ongoing platform for consultation and space to exchange information, share lessons learned and collaborate on other GEAP work products and events. The GGP is now formally operational with active participation of gender FPs from each GEF Agency, secretariats of the conventions, and representatives of the GEF Network of CSOs, the GEF Indigenous Peoples Advisory Group and other key

emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

⁶⁵ Tebtebba Foundation, Indigenous Peoples and the Green Climate Fund, 2017, <<http://tebtebba.org/index.php/content/391-indigenous-peoples-and-the-green-climate-fund-gcf>>.

⁶⁶ Ibid.

⁶⁷ GCF document GCF/B.08/19, paragraph 19.

⁶⁸ GCF document GCF/B.16/04, paragraphs 26–27.

⁶⁹ GCF Call for Input DCP/20-04-2017: <http://www.greenclimate.fund/documents/20182/24913/DCP_20-04-2017_-_Review_and_update_of_the_GCF_Gender_Policy_and_Action_Plan.pdf/56a2133f-bd9f-4b17-9577-22c2283c8c4a>.

⁷⁰ See <<http://www.greenclimate.fund/how-we-work/mainstreaming-gender/gender-action-in-practice>>. (last accessed 21 August 2017).

partners.⁷¹ The establishment of the GGP has been identified as one of the “most significant achievements of the GEAP” and it has been recommended as “the stakeholder engagement vehicle for revisions to the gender policy.”⁷²

54. The evaluation of Gender Mainstreaming undertaken in the framework of the most recent GEF OPS6 found that the proportion of projects with a gender mainstreaming strategy reached over 98 per cent, compared with 58 per cent under the Fifth Overall Performance Study of the GEF (OPS5, prior to the adoption of the Gender Strategy in 2011.)⁷³ The 2016 evaluation of the LDCF also found that, for GEF-6 projects only, “over 90 percent of the projects either include or give a strong indication that a gender mainstreaming strategy or plan is being or will be developed.”⁷⁴

55. The evaluation also found that “Just under a third (31.3 percent) of all LDCF projects” and “10.9 per cent of GEF-6 LDCF projects included a gender-responsive results framework, however, this score also reflects that results frameworks have not been fully developed for projects early on in their development.”⁷⁵ As regards the SCCF, the evaluation of the SCCF undertaken by the GEF IEO in 2017 found that only 12.5% of SCCF projects approved during GEF-6 did not have a gender mainstreaming plan, compared with 29.3 percent during GEF-5 and 85% during GEF-4, noting that the main driver for this change appears to be the adoption of the Gender policy and Gender action plan. Over 87% of SCCF projects approved under GEF-6 had a gender-sensitive results framework.⁷⁶

56. The IEO’s 2017 evaluation of gender mainstreaming at the GEF concludes that “while the GEF Policy on Gender Mainstreaming has increased attention to, and performance of, gender in GEF operations, it does not provide a clear framework and remains unclear on certain provisions and implementation. The inclusion of gender-disaggregated and gender-specific indicators in project results frameworks is highly variable across GEF projects, as is the collection and use of gender-related data to measure gender equality-related progress and results during monitoring, in mid-term reviews and terminal evaluations.”⁷⁷ The GEF secretariat is expected to present an updated Policy on Gender Mainstreaming, together with operational guidelines, to the GEF Council at its 53rd meeting in November 2017, taking into account the results of evaluations and lessons learned in implementation.⁷⁸

A.3.2. *Consistency of the gender policy between the operating entities and other funds*

57. The GEF and GCF secretariats are closely collaborating on the development of their respective gender policy and action plans. The GEF gender FPs have discussed and shared the GEF gender experiences and policy foundation in workshops organized by the GCF. The workshop held in May 2015 at the GEF premises with the engagement of the AF to discuss gender-responsive indicators for the GCF provided an

⁷¹ See <<https://www.thegef.org/topics/gender>>.

⁷² GEF IEO. 2017. Evaluation on Gender Mainstreaming in the GEF: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/gender-study-2017.pdf>>.

⁷³ Medium and full sized projects that include gender consideration in project documentation, as per: GEF IEO. 2017. Evaluation on Gender Mainstreaming in the GEF:

<<http://www.gefio.org/sites/default/files/ieo/evaluations/files/gender-study-2017.pdf>>.

⁷⁴ GEF IEO, Program evaluation of the LDCF, page 36: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/ldcf-2016.pdf>>.

⁷⁵ Ibid., page 36–37.

⁷⁶ GEF IEO, Program evaluation of the SCCF, paragraphs 103 and 104: <http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF_LDCF%20SCCF_22_ME_02_Program_Evaluation_SCCF_0.pdf>.

⁷⁷ GEF IEO, GEF IEO. 2017. Evaluation on Gender Mainstreaming in the GEF, page 53: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/gender-study-2017.pdf>>.

⁷⁸ GEF document GEF/C.52/INF.09.

opportunity to share the GEF’s gender core indicators. This also builds on the close collaboration between the GEF and the Climate Investment Funds (CIF).⁷⁹

58. Support for implementation of the respective gender policies and action plans differs with regard to some aspects. In particular, the GCF offers targeted financing for readiness and preparatory support for implementation of the gender policy by national designated entities/FPs and entities, whereas a comparable funding support programme is not currently available under the GEF.⁸⁰ However, the GEF is collaborating with the GEF Small Grants Programme and the GGP to develop a free open- access online course and webinar series on gender equality and environment, including a dedicated module on climate change, which is expected to assist in developing the capacity of, among others, country FPs of multilateral environmental agreements and GEF country-level stakeholders, staff and agency project managers.⁸¹

59. More information on how the operating entities are collaborating for coherence and complementarity is elaborated further in this paper in chapter G.2 “Consistency and complementarity between the operating entities.”

A.4. Environmental and social safeguards

60. Table 3 below provides a brief comparison of issues covered in the ESS policies of the GEF and the GCF.

Table 3
Summary of environmental and social safeguards policies for the Global Environment Facility and the Green Climate Fund⁸²

Green Climate Fund	Global Environment Facility
Performance Standard (PS)1: Assessment and Management of Environmental and Social Risks and Impacts	Minimum Standard 1: Environmental and Social Impact Assessment
PS2: Labour and Working Conditions	Minimum Standard 2: Protection of Natural Habitats
PS3: Resource efficiency and Pollution Prevention	Minimum Standard 3: Involuntary Resettlement
PS4: Community Health, Safety, and Security	Minimum Standard 4: Indigenous Peoples
PS5: Land Acquisition and Involuntary Resettlement	Minimum Standard 5: Pest Management
PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Minimum Standard 6: Physical Cultural Resources
PS7: Indigenous Peoples	Minimum Standard 7: Safety of Dams
PS8: Cultural Heritage	Minimum Standard 8: Accountability and Grievance Systems

⁷⁹ FCCC/CP/2015/4, page 19.

⁸⁰ GCF document GCF/B.08/19, paragraph 19.

⁸¹ GEF document GEF/C.52/INF.09.

⁸² A expanded version of this table is contained in chapter G.

A fit-for-purpose approach, which requires accredited entities to explain why they believe that certain standards may not be applicable	No exceptions allowed to Minimum Standards 1, 2 and 8
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Source: World Resources Institute 2017. The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance.

61. The GCF adopted, on an interim basis until 2017, the International Finance Corporation (IFC) Performance Standards. Furthermore, in order to uphold the safeguard for REDD-plus activities stipulated in the Cancun Agreement,⁸³ the GCF Board is planning to discuss at its 18th meeting about incorporating the Cancun safeguards into its environmental and social safeguard framework and strengthening application of the Cancun safeguard in its project approval process.

62. As noted in the fifth review, the GEF takes a system-approach to the application of ESS, meaning that implementing agencies are required to demonstrate that they are able to meet the required standards. The GEF IEO found, in 2016, that the adoption of minimum standards in 2011 helped to catalyse efforts among GEF agencies to strengthen their own safeguards policies. However, the evaluation notes that “the GEF minimum safeguards exhibit some coverage gaps and would benefit from an update.” In addition, the evaluation notes that while the GEF secretariat is informed ex ante about potential project-level environmental and social risks and impacts, it has not developed guidance regarding reporting on safeguard-related issues during project implementation.⁸⁴ In response to this finding, in October 2016, the Council adopted a Policy on Monitoring Agencies’ Compliance with GEF safeguards, fiduciary standards and gender policies. This policy sets out rules for periodical self-assessment and reporting by Agencies combined with a risk-based review by the secretariat, albeit it does not however address the need for project-level monitoring and reporting. It is expected that this will be addressed in the review and update of the GEF’s minimum safeguards and standards, which was launched by the GEF Council at its May 2017 meeting. Initial discussions on the policy review are set to begin at the November 2017 Council meeting.⁸⁵

63. In terms of application of the standards at the GEF, the OPS6 also finds that there is scope for enhanced monitoring and reporting of safeguards. “Even with the adoption of the GEF Minimum Standards, a general assumption exists that, given the GEF’s focus on securing global environmental benefits, relatively few or minor environmental and social risks arise in GEF-supported projects and programs. However, a preliminary review of 198 projects in the GEF-6 portfolio does not necessarily support this assumption. Of the 105 categorized projects, 3 percent were rated high risk, 56 percent were rated moderate risk, and 41 percent were rated low risk.”⁸⁶ The evaluation also notes that there is no portfolio-level tracking of ESS risks. At its June 2016 meeting, the GEF Council agreed “on the need for periodic self- and third party-assessment of Agencies’ on-going compliance with GEF Policies on ESS, Gender, and Fiduciary Standards”,⁸⁷ and in October 2016, Council approved a Policy on Monitoring Agencies’ Compliance.

64. As for the GCF, a similar issue is also raised in the context of an independent evaluation of the IFC Performance Standards, which highlighted some implementation deficits, particularly in the case where project execution involves multiple financial intermediaries who are not themselves officially accredited, or

⁸³ Decision I/CP.16 and appendix I.

⁸⁴ As footnote 81 above.

⁸⁵ GEF, Joint Summary of the Chairs (C.52), page 8: <https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.52_Joint_Summary_of_the_Chairs.pdf>.

⁸⁶ GEF IEO Brief. 2017. Review of the GEF Agency Minimum Standards on Environmental and Social Safeguards: <<https://www.gefio.org/sites/default/files/ieo/evaluations/files/safeguards-2017.pdf>>.

⁸⁷ GEF document GEF/C.51/08/Rev.01, page 1 and GEF, Joint Summary of the Chairs (C.51), page 5: <https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51_Joint_Summary_of_the_Chairs.pdf>.

whose capacity to implement the standards is not well established. This has led some CSOs to call for the development and application of safeguards for the GCF based on a “do-no-harm” approach rather than a risk mitigation approach.⁸⁸

A.5. Fiduciary standards

65. The challenges identified for the environmental and social safeguard are also relevant to the development and application of fiduciary standards in each of the bodies concerned. One study found that “the fact that the funds have different standards and safeguards can cause challenges and inefficiencies for institutions that access money from more than one fund, as they must understand and meet different requirements.”⁸⁹

Table 4
Fiduciary and safeguard policies and monitoring systems

FUND	FIDUCIARY AND SAFEGUARD POLICIES	MONITORING SYSTEMS
Global Environment Facility (and Least Developed Countries Fund/ Special Climate Change Fund)	<ul style="list-style-type: none"> ■ GEF Environmental and Social Policy ■ GEF Fiduciary Standards ■ Gender Mainstreaming Policy ■ Indigenous Peoples Policy (separate from the Environmental and Social Policy) 	<ul style="list-style-type: none"> ■ Annual reporting by agencies. ■ Agency-led midterm review for full-size projects. ■ Agency-led terminal evaluations of projects/programs, which must have independent review. ■ Independent Evaluation Office plays a central role in evaluations from more than one GEF agency.
Adaptation Fund	<ul style="list-style-type: none"> ■ AF Environmental and Social Policy ■ AF Fiduciary Standards ■ Gender Policy and Action Plan 	<ul style="list-style-type: none"> ■ Annual performance reporting. Regular projects subject to midterm and terminal evaluations. Terminal evaluations must be conducted by an independent investigator of entity's choosing. Small-scale project evaluation will be as deemed necessary.
Climate Investment Funds	<ul style="list-style-type: none"> ■ Applies fiduciary standards and safeguards policies of each multilateral development bank (MDB) partner ■ Gender Action Plan 	<ul style="list-style-type: none"> ■ Applies each MDB's system for monitoring fiduciary standards and safeguards. Typically involves reporting at each stage of the project cycle.
Green Climate Fund	<ul style="list-style-type: none"> ■ GCF Fiduciary Standards and Interim Safeguards (applies the International Finance Corporation's Performance Standards) ■ Gender Policy and Action Plan ■ Mandate to develop an Indigenous Peoples policy 	<ul style="list-style-type: none"> ■ Accreditation: Annual self-reporting on systems compliance with standards and safeguards. Secretariat conducts midterm review and any ad hoc compliance reviews. ■ Activities: Quarterly financials, semiannual progress reports, and midterm and final evaluations. Participatory monitoring encouraged. ■ Spot checks: GCF can conduct spot checks using a risk-based system.

Source: World Resources Institute 2017. *The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance*, page 56.

66. Table 4 illustrates the differences among the operating entities’ standards, which are not excessively wide. For example, the Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies include “external and internal audit, financial management and controls, financial disclosure, codes of ethics, investigation, and hotline and whistle-blower protection. Requirements for monitoring and evaluation are covered under GEF Monitoring and Evaluation Policy. Project appraisal standards, procurement processes and project-at-risk systems may vary to some degree, depending on the

⁸⁸ Smith B and Rai N for International Institute for Environment and Development. 2014. Comments and Analysis: GCFs Accreditation Framework and Environmental and Social Standards: <<http://pubs.iied.org/pdfs/G03856.pdf>>.

⁸⁹ WRI. 2017. *The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance*: <https://www.wri.org/sites/default/files/The_Future_of_the_Funds_0.pdf>.

type of programs and activities, in terms of the appropriate criteria and objectives used. However, the core principles are consistent across different types of operations and activities.”⁹⁰

67. The GCF fiduciary standards are due to come under consideration in 2017. For the interim period, the initial fiduciary principles and standards “distinguish between basic and specialized fiduciary criteria,”⁹¹ including key administrative and financial capacity, transparency and accountability policies and procedures, and specialized standards related to project management, grant award and funding allocation mechanisms, as well as standards used for on-lending or blended financial instruments. Like the accreditation process and ESS, the GCF adopts a fit-for-purpose approach to the application of fiduciary standards.

68. There is an increasing push towards the standardization of the basic fiduciary standards to which countries and implementing entities must respond. It is expected that further coordination in the various readiness support programmes would also help to further harmonize these, and assist countries and those seeking direct access, in meeting the requirements across the various funds. At the seventeenth meeting of the Board of the GCF, the Board adopted the Operational Framework for complementarity and coherence which envisions under “Pillar II: Enhanced complementarity at the activity level” to exchange experiences and identify possible steps to streamline the implementation of, among others, ESS, fiduciary standards, monitoring and evaluation approaches.

69. As with the application of ESS, however, monitoring and control are becoming increasingly important, if not problematic issues for the operating entities. First, the operating entities are encouraged to move towards programmatic approaches – and this is particularly relevant to the seventh replenishment of the GEFTF (GEF-7) – yet “programmatic funding can make it harder for the fund and stakeholders to assess actual project impacts, in part because specific activities may not be known when a proposal is brought forward.”⁹² For the GEF, checks and balances may be maintained through CEO approvals and Council reviews of programs; though for the GCF, this could also render the “fit-for-purpose” approach more difficult to manage, in addition to the necessity to track the fiduciary capacity of multiple implementing partners within a single programme.

B. Responsiveness of the operating entities of the Financial Mechanism to guidance from the Conference of the Parties

70. Article 11, paragraph 1 of the Convention states that the Financial Mechanism shall 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. The COP provides guidance to the Financial Mechanism through its operating entities. This chapter examines the responsiveness of the operating entities to COP guidance and efficiency and performance of the cycle for project/programme approval procedures.

B.1. Level of responsiveness of the operating entities of the Financial Mechanism to guidance from the Conference of the Parties

71. The COP provides guidance to the operating entities, based on their annual reports to the COP in which each operating entity reports on its progress. Consistent with the memorandum of understanding between the COP and the Council of the GEF, and in the arrangements between the COP and the GCF, both the GEF and the GCF include in their annual reports to the COP information on how they have responded to COP guidance.

⁹⁰ GEF document GA/PL/02.

⁹¹ SCF/TP/2014/1, paragraph 42.

⁹² WRI. 2017. The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance, page 57: <https://www.wri.org/sites/default/files/The_Future_of_the_Funds_0.pdf>.

72. The SCF, as part of its mandate to assist the COP in exercising its functions with respect to the Financial Mechanism, prepares and recommends to the COP draft guidance to the operating entities. In doing so, they seek to improve the coherence and practicality of such guidance. At COP 21 and 22, the COP noted the work of the SCF on this and the draft guidance prepared by the SCF,⁹³ and Parties agreed to use them as a basis for negotiations.

73. In preparing draft guidance to the operating entities, the SCF takes into account submissions from Parties and the annual reports of the operating entities. Furthermore, the SCF invites the Adaptation Committee (AC) and the Technology Executive Committee (TEC) to provide inputs to the draft guidance to the operating entities. Furthermore, the secretariats of the GEF and the GCF participate as observers in the meetings and interact with the SCF members to provide clarifications and information as needed.

B.1.1. Responsiveness of the operating entities to COP guidance

74. The fifth review of the Financial Mechanism, based on findings from OPS5, had noted⁹⁴ a number of features of COP guidance that made it difficult to operationalize. These included:

- (a) Cumulative and repetitive nature of the guidance;
- (b) Ambiguities in the language of the guidance;
- (c) Challenges in prioritization;
- (d) Timing of the guidance in relation to the policy and project cycle of the operating entities;
- (e) Lack of coordination with the operating entities about forthcoming guidance.

75. Furthermore, the technical paper prepared for the fifth review also noted that the GEF secretariat pointed to the fact that guidance was often formulated with little discussion with the GEF about its feasibility and or ease of implementation.⁹⁵ While these findings mostly applied to the GEF at the time, since the GCF became operational, the GCF Board also had similar challenges to implement the COP guidance for the same reasons.

76. Since the last review of the Financial Mechanism, the SCF has undertaken the following activities to enhance the consistency and practicality of guidance provided to the operating entities, and to reduce redundancies, incoherence and inconsistencies within the guidance provided to the operating entities:

- (a) Compilation and analysis (C&A) of previous guidance provided to the operating entities of the Financial Mechanism;
- (b) Discussions on identification of a set of draft core guidance to serve as a basis for the provision of future guidance;
- (c) Increased collaboration between the SCF and other constituted bodies of the Convention, in the development of draft guidance to the operating entities.

77. Also, the GCF and GEF secretariats regularly attend the meetings of the SCF, as well as the meetings of the TEC and the AC to provide inputs to the work of these bodies. Staff from both OE secretariats also attend meetings of the Least Developed Expert Group, Climate Technology Centre and Network (CTCN), AF, and CIF. Furthermore, participation as observers by the secretariats of the operating entities in the COP negotiations on the guidance to the operating entities has helped in obtaining factual clarifications and information on the ongoing activities of the operating entities and in checking the feasibility of the guidance.

⁹³ See decisions 7/CP.21, 8/CP.21, 10/CP.22 and 11/CP.22.

⁹⁴ SCF/TP/2014/1, paragraph 52.

⁹⁵ SCF/TP/2014/1, paragraph 53.

B.1.2. Analysis of past guidance provided to the operating entities

78. The C&A prepared by the SCF has been done with a view to enhancing consistency and practicality of new guidance, tracking progress, avoiding duplication and possibly extracting core guidance. The SCF has invited other constituted bodies to consult the database in order to avoid repetitive or contradictory guidance. The SCF also collaborates with the secretariats of the operating entities in building this database, which continues to be improved.

79. Also, the GEF publishes annually a report compiling how it has responded to guidance from each session of the COP.⁹⁶ In addition to these annual reports to COP, the GEF published a compilation of all guidance and responses to it entitled “Guidance from the Conference of the Parties and responses by the Global Environment Facility COP1 – COP 21” in which it notes that a total of 285 paragraphs contained in 85 COP decisions from COP 1 to COP 21 contained guidance to the GEF.⁹⁷

B.1.3.1. Guidance to the GEF

80. In general, OPS6 has found that the GEF-6 Climate Change Focal Area Strategy continued to be highly responsive to COP guidance, but that the COP guidance on climate change mitigation (CCM) programming issues relevant for the GEF-6 Strategy continues to be comparatively sparse. The GEF has also been responsive to guidance issued after the finalization of the GEF-6 Strategy. For example the GEF established and operationalized the Capacity Building Initiative on Transparency as a direct result of guidance received at COP 21.⁹⁸

81. The evaluation of the SCCF, undertaken over the course of 2016–2017 by the GEF IEO reviewed the alignment between the projects supported by the SCCF (74 in total) and COP guidance.⁹⁹ The evaluation distilled 8 guidance areas of relevance to the SCCF, as follows:

- (a) SCCF-A: Adaptation activities in one or more of the 7 topics: (1) water resource management, (2) land management, (3) agriculture, (4) health, (5) infrastructure development, (6) fragile ecosystems and (7) integrated coastal zone management;
- (b) SCCF-A: Build disaster risk management capacity in areas prone to extreme weather events;
- (c) SCCF-A: Support of the national adaptation plan (NAP) process in non-LDCs;
- (d) SCCF-B: Implementation of the results of technology needs assessments (TNA);
- (e) SCCF-B: Technology information to support technology transfer;
- (f) SCCF-B: Capacity-building for technology transfer;
- (g) SCCF-B: Support of enabling environment for technology transfer.

82. As illustrated in Figures 1 and 2, the evaluation found that adaptation-related projects reflected the guidance to the SCCF in terms of being consistent with overall programming themes, but very few responded to other, more specific guidance. However, the GEF IEO reports that there was a stronger level of coherence between SCCF-B outcome areas and related COP guidance and decisions, especially for the outcome areas on technology information, capacity-building and support of enabling environments for technology transfer.

⁹⁶ See for example FCCC/CP/2016/6 and FCCC/CP/2017/7.

⁹⁷ https://www.thegef.org/sites/default/files/publications/GEF_UNFCCC%20COP%20Guidance2016_r2.pdf

⁹⁸ See for example <http://www.thegef.org/topics/capacity-building-initiative-transparency-cbit>

⁹⁹ GEF IEO, {Source TBC}

Figure 1
Projects' alignment with SCCF-A focused guidance and decisions

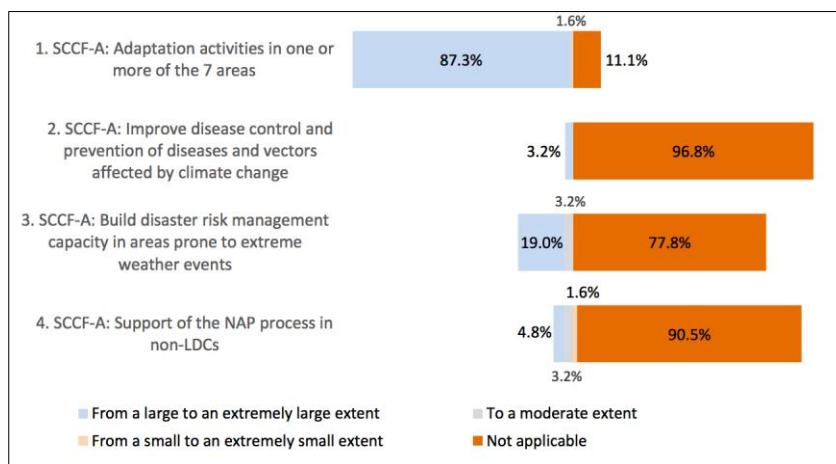
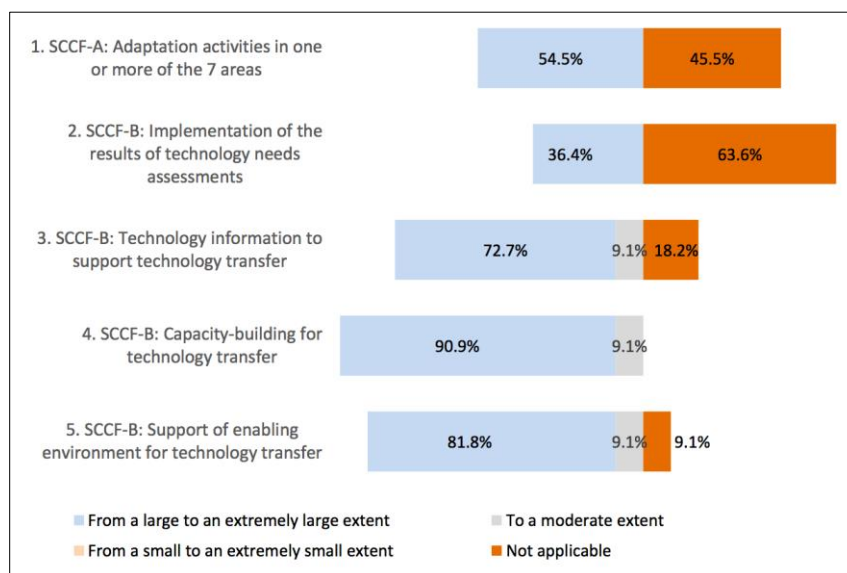


Figure 2
SCCF-B project's alignment to guidance from the COP



83. A similar evaluation was conducted for the LDCF. The GEF IEO systematically reviewed the degree of alignment between national adaptation programmes of action (NAPA) country reports prepared with LDCF support, subsequent NAPA implementation projects financed by the LDCF and relevant COP guidance and decisions. The evaluation found that both the NAPA documents and the NAPA implementation projects supported through the LDCF were highly consistent with most of the elements of guidance provided by the COP. In terms of the NAPA implementation projects, “86.2 percent were aligned from a large to an extremely large extent with six of the seven elements of guidance. The lowest degree of alignment (79.6 percent aligned from a large to an extremely large extent) related to UNFCCC guidance calling for projects to be “cost-effective and complementary to other funding sources.”¹⁰⁰

¹⁰⁰ GEF/LDCF.SCCF.20/ME/02, paragraph 47.

B.1.3.2. Guidance to the GCF

84. The GCF has been receiving guidance from the COP for a shorter amount of time than the GEF, since it's launching at COP 17 in 2011 to COP 22 in 2016 at time of writing. However, during this 6-year period, the GCF received 236 elements of guidance from the COP, which amounts to approximately 60 per cent of the number of requests that the GEF has received from the COP over a 22-year period.¹⁰¹

85. The GCF, in its latest report to the COP, highlights how it has responded to the latest guidance. This includes continued progress on financing for forests, including REDD-plus, private sector engagement and alternative approaches, which the Board is continuing to consider. The Board is also continuing its work to enhance access from direct access entities (DAEs) and national implementing entities, but at its sixteenth meeting it recognized these were in smaller numbers than expected.

86. Finally, in terms of delivery of resources, COP guidance urged the GCF to accelerate the pace, simplify procedures and increase effectiveness. A number of initiatives are under way to achieve optimal resource delivery, including work on a simplified approval process, increased funding for readiness, and the signing of legal agreements allowing for fund disbursements. As at 12 June 2017, accreditation master agreements (AMAs) had been signed with 25 of the 48 entities accredited to the GCF. Out of the 43 projects and programmes approved, Funded Activity Agreements for 18 projects had been signed, corresponding to USD 478 million of GCF funding allocated to these projects and programmes.¹⁰²

B.2. Efficiency and performance of the cycle for project/programme approval procedures of the operating entities of the Financial Mechanism

B.2.1. The GCF project and program Cycle

87. Since the inception of the GCF, the COP has been providing guidance to the GCF relating to establishing policies and programmes of the Fund, much of which can be associated with the operationalization of the GCF. Concurrently, and more recently since the GCF Board started to approve project proposals, the COP has also been providing guidance relating to enhancing the delivery of resources and project approval. Such guidance includes requests for a simplified process for approval of project proposals¹⁰³ and addressing any measures that are delaying the implementation of projects.¹⁰⁴

88. The GCF project cycle was originally approved by GCF decision B.07/03 and was reviewed at the twelfth Board meeting. Further work on the issues identified in the review has occurred, will be presented for consideration at B.17. The Figure 3 below provides details on the various stages between preparation and implementation. There is, however, no standard timeline, as the pipeline is gradually being built up, and the secretariat staff is reaching its full complement.

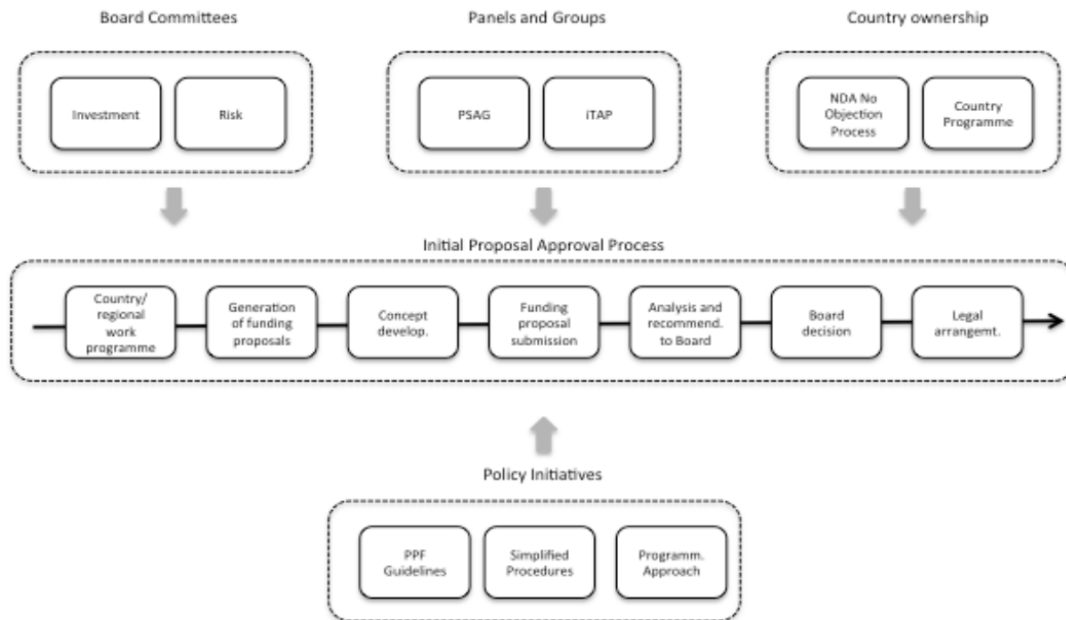
¹⁰¹ According to the C&A, as at July 2017, the GCF received 236 guidance from the COP since its inception and the GEF received 410.

¹⁰² FCCC/CP/2017/5, paragraph 37.

¹⁰³ Decision 7/CP.21, paragraph 14.

¹⁰⁴ Decision 10/CP.22, paragraph 10.

Figure 3
Initial project approval cycle at the Green Climate Fund



89. As of May 2017, 58 public- and private-sector funding proposals, which request a total GCF funding of USD 3.4 billion to support projects and programmes totalling USD 13.2 billion, when taking co-financing into account. Of the 58 funding proposals in the pipeline, 43 are public-sector proposals requesting GCF funding of USD 2.3 billion, and 15 are private-sector proposals requesting GCF funding of USD 1.1 billion. Since the sixteenth meeting of the Board (B.16), 18 new funding proposals were submitted to the secretariat, of which 9 were developed from concept notes.¹⁰⁵

90. A number of recommendations were made at the fifteenth Board meeting on the streamlining of the project approval cycle, which were still under discussion at the time of writing.¹⁰⁶ Recommendations included items such as:

- (a) Creating a fit for purpose approval process (Simplified Approval Process);
- (b) Simplifying templates and documentary requirements;
- (c) Limiting or better defining the scope of secretariat reviews;
- (d) Delegating approvals of project preparation facilities (PPFs) to the secretariat;
- (e) Establishing an intersessional decision process on funding proposals;
- (f) Developing business standards, including timelines for the various stages of the submission process;
- (g) Defining further decision-making options, such as deferral of consideration of proposals in the absence of consensus.

91. In terms of timelines and efficiency of the project cycle, no systematic assessment has been made; however, a study found that¹⁰⁷ it took on average 3 months for the ‘greenlighting’ of a concept note, 7

¹⁰⁵ GCF document GCF/B.17/09.

¹⁰⁶ GCF document GCF/B.15/10.

¹⁰⁷ Fayolle V, Odianose S and Soanes M. 2017. GCF Project Toolkit 2017: Guide to Develop a Project Proposal for the Green Climate Fund. London: Acclimatise. <

https://www.acclimatise.uk.com/login/uploaded/resources/GCF%20project%20Toolkit_20.01.2017_For%20Publicatio

months to develop a full project proposal and 3 months for secretariat and independent Technical Advisory Panel review¹⁰⁸ – bringing the total project cycle to anywhere between 13 and 15 months. It could be expected that the project cycle would be further streamlined once PPFs are approved. At time of writing, the Board had approved 2 PPFs and one was under implementation. Out of the five requests for PPF support submitted by DAEs, one was under implementation, and others were undergoing the process of due diligence by the secretariat. In total, in May 2017, there were 18 PPF requests submitted to the GCF.

92. In terms of approvals for readiness funding, as at March 2017, the GCF had engaged with 105 countries on 165 readiness requests, bringing the total of committed funds to USD 38.4 million.¹⁰⁹ 72 of the 105 countries are SIDS, LDCs or African States, which make up 69 per cent of the total portfolio. Of the approved readiness requests, 55 per cent have entered the implementation stage and this ratio is projected to increase to around 70 per cent by the end of the third quarter of 2017. The secretariat is also working with countries to advance their requests for support to adaptation planning processes, including NAPs. As at May 2017, 2 NAP projects had been approved with an additional 15 proposal submitted.¹¹⁰

93. The GCF is continuing its work on simplified processes for approval of proposals of certain activities, in particular small-scale activities.¹¹¹ For example, in response to GCF decision B.13/09, paragraph (h), the GCF secretariat revised the Readiness and Preparatory Support Programme proposal template to incorporate the support that can be extended to countries for developing their NAPs and/or other adaptation planning process. This was released in June 2017, along with an updated guidebook to assist countries in submitting quality proposals. However, a number of key policy decisions are still pending that will have an impact on the overall project cycle, including decisions on the policy guidelines for a programmatic approach.

94. The GCF is also undertaking measures to facilitate a simplified process for approval of projects and programmes. The GCF reported to the COP that its strategic plan “outlines the intention of the GCF to enhance predictability through a more transparent planning of its resources; to signal more clearly the kinds of projects and programmes it is seeking to finance; to simplify its processes and templates, particularly for microscale activities in LDCs and SIDS; and to revise and simplify, as appropriate, the proposal approval process and procedures.”¹¹²

95. Finally, it should be noted that while projects have been approved by the Board, implementation cannot become effective until AMAs are signed and funded activity agreements are ratified. In addition, projects that were approved with conditions still have to meet said conditions before they can become effective. As of 31 July 2017, USD 45.75 million has been disbursed for 8 approved projects.¹¹³

B.2.2. The GEF project and program cycle

96. The GEF project cycle is a series of steps through which a project must go in order to access funding from the GEF and achieve its objectives. The COP has hitherto provided guidance to the GEF on its project cycle. Such guidance ranges from requests to streamline the project cycle and make it more simple, transparent and efficient, to invitations to the GEF to coordinate its project cycle with the ones of its implementing agencies to facilitate expedited approval and implementation of projects in recipient countries.

[n.pdf](#)>.

¹⁰⁸ This was reported based on a survey of early project submissions, conducted by Eco Ltd (June 2016) with national designated authorities, accredited entities, implementing entities, project developers and other key stakeholders.

¹⁰⁹ GCF document GCF/B.17/INF.06.

¹¹⁰ Ibid.

¹¹¹ GCF document GCF/B.15/25.

¹¹² FCCC/CP/2016/7/Rev.1, page 10.

¹¹³ GCF document GCF/B.17/09.

97. The fifth review also pointed out that “[the GEF] procedures that guide project identification and approval by agencies as well as implementation of projects should also be simplified to promote greater transparency and understanding at the country level.”¹¹⁴ Related to this, the COP, by decision 8/CP.20, paragraph 12, requested the GEF 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 receive funding to meet their obligations under Article 12, paragraph 1, of the Convention. Since then, the GEF reported to the COP that it “is exploring ways to further simplify the procedures and improve the effectiveness and efficiency of the process through which Parties not included in Annex I to the Convention receive funding to meet their obligations under Article 12, paragraph 1, of the Convention.”¹¹⁵ .

98. Since 2014, the GEF has launched many initiatives to improve its efficiency in terms of approving projects. An 18-month cancellation policy for project preparation was approved in 2011 (reduced from 22 months). In 2014, only about one third of projects submitted for CEO endorsement under GEF-5 met the 18-month time standard for preparation;¹¹⁶ however, OPS6 found that progress had been made in this regard. As of 2017, according to the GEF, “of the 50 full-sized projects (FSPs) approved by the Council in fiscal year 2015, excluding program child projects, only 25 projects (50 %) had received CEO Endorsement within 18 months from Council Approval.”¹¹⁷ According to the GEF secretariat, CEO endorsements in the first half of 2017 were fully compliant with the 18-month standard.

99. It was also noted that the consolidation of the project cycle into one document in 2016 has been appreciated and has provided added clarity and guidance on procedures and timelines. This was recently supplemented by the guidelines on the project and programme cycle policy,¹¹⁸ which provide additional detail on the management of the GEF pipeline and are expected to help to further streamline the approval process. The guidelines notably provide additional information on topics such as: operational FP letters of endorsement, eligible items for project preparation grants, procedures in addressing Council and other stakeholders’ comments, thresholds and procedures for enabling activities including umbrella projects, programme submission and resubmission procedures, project management cost, agency’s implementation versus execution functions, use of agency fees, monitoring and evaluation components and budget, procedures for NGI projects, projects and programmes reporting requirements, Scientific and Technical Advisory Panel reviews of FSPs, and project/programme terminal evaluation.¹¹⁹

100. The strengthening of the cancellation policy has also created incentives for projects to be prepared expeditiously. At its 48th meeting, in June 2015, the GEF Council approved additional measures to improve the project cycle by expediting the preparation of the stock of delayed projects. In particular, the Council approved a one-time cancellation by 30 June 2016 of overdue (i) FSPs whose project identification forms were approved prior to the October 2014 Council meeting; and (ii) medium-sized projects (MSPs) whose project identification forms (PIFs) were approved prior to the June 2015 Council meeting. In addition, the Council approved an amendment to the Project Cancellation Policy previously approved in the October 2014 Council meeting to include provisions for the cancellation of overdue MSPs that are approved after the June 2015 Council meeting, as set out in annex II to that decision.¹²⁰

¹¹⁴ SCF/TP/2014/1, paragraph 14.

¹¹⁵ FCCC/CP/2015/4, page 18.

¹¹⁶ GEF document GEF/C.47/07/Rev.1.

¹¹⁷ GEF 7 Policy Agenda, paragraph 46: <<https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20and%20Policy%20Document%20.pdf>>.

¹¹⁸ GEF document GEF/C.52/INF.06/Rev.01.

¹¹⁹ Ibid.

¹²⁰ FCCC/CP/2016/6.

C. Mobilization of financial Resources

101. This chapter reviews the efforts made by Parties to mobilize, through the Financial Mechanism and its operating entities financial resources for climate action in developing countries. In doing so, it addresses issues such as the adequacy, predictability and sustainability of resources, co-financing, as well as the role of the Financial Mechanism in scaling-up the level of resources.

C.1. Role of the Financial Mechanism in scaling up the level of resources

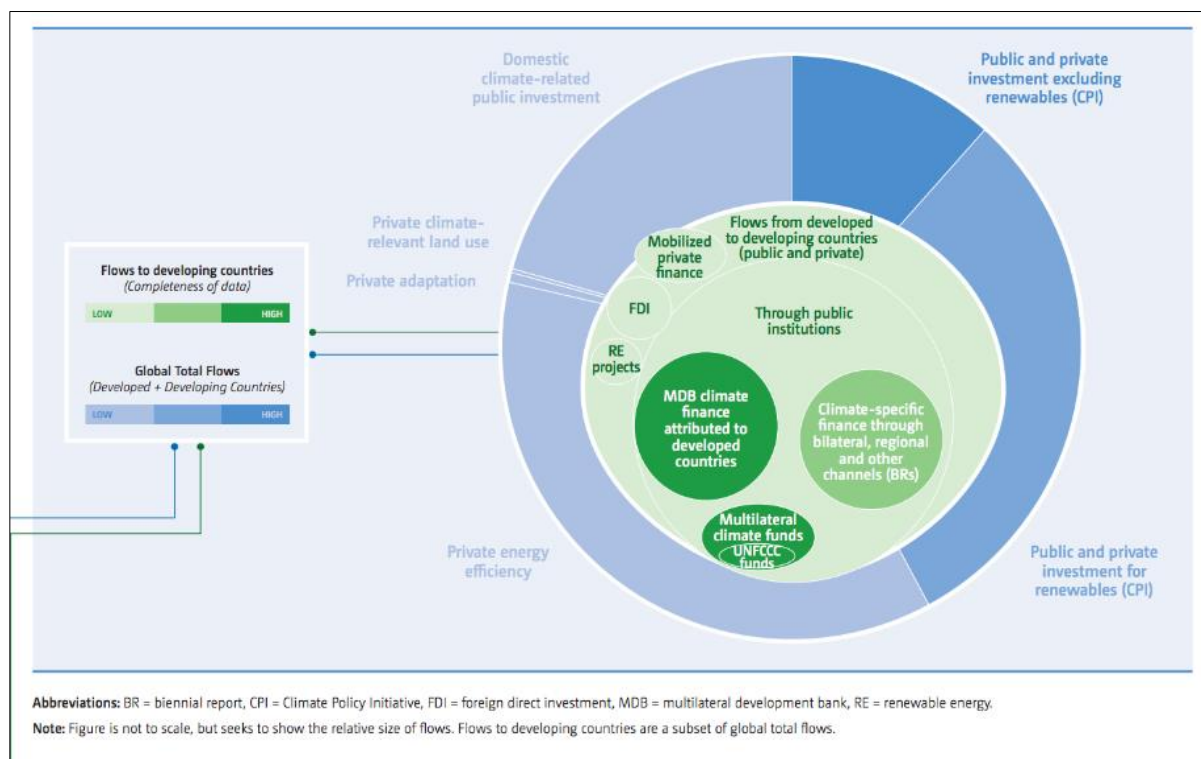
102. Achieving the mitigation and adaptation goals of the Convention and the Paris agreement will require profound transformations. Moreover, the Intergovernmental Panel on Climate Change (IPCC) has noted that emissions patterns that limit the temperature increase from pre-industrial levels to no more than two degrees Celsius, will require considerably different patterns of investments.¹²¹

103. The operating entities of the Financial Mechanism serve as one of the channels through which developed country Parties are fulfilling their financial commitments, in addition to others, such as bilateral, regional and multilateral channels.¹²² The operating entities also play a crucial role in catalysing, leveraging and scaling up the level of resources by providing public finance that leverages additional public and private finance and investment. However, as illustrated in Figure 4, the operating entities remain a small part of the overall climate finance architecture and flows in the context of the broader climate finance landscape. Their role therefore must continue to be targeted and strategically defined.

¹²¹ IPCC, 2014: Climate Change 2014: Synthesis Report, page 110: <https://www.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full_wcover.pdf>.

¹²² Article 11.5 of the Convention.

Figure 4
Climate finance flows in 2013–2014 (USD billion and annualized)



Source: *Summary and recommendations by the SCF on the 2016 BA.*

104. Tracking resource flows for climate change has been a challenging task, as noted in the 2016 Biennial Assessment and Overview of Climate Finance Flows (BA) report developed by the SCF, and this challenge is particularly felt in tracking private sector resources or indirect resource flows such as subsidies, taxes, or levies. Yet expectations are that private sector funding and investment in climate change will greatly exceed available public finance.

C.2. Scale of resources provided to developing countries

105. As noted in the Technical Report for the 2016 BA, “a comprehensive system to track climate finance does not exist. Rather, estimates of climate finance must be assembled from multiple sources.”¹²³ This chapter draws on the work undertaken during the compilation of the 2016 BA and presents data related to resource flows in 2013 and 2014. A detailed review of all methodological issues involved in producing the BA is provided in the first Chapter of the Technical Report.

106. As reported in the 2016 BA, total adaptation funding provided to developing countries through the operating entities of the Financial Mechanism amounted to USD 0.77 billion in 2013 and USD 0.56 billion in 2014.¹²⁴ Climate finance provided through multilateral funds amounted to USD 1.85 billion for 2013 and USD 2.49 billion for 2014. The report also notes an increase of about 50% between 2011 and 2014 of

¹²³ 2016 BA technical report, page 42: <
http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2016_ba_tech_report.pdf>.

¹²⁴ Ibid. This represents commitments and does not include the GCF, whose first projects were approved after the publication of the 2016 BA.

climate-related finance provided by Annex II parties, including through multilateral institutions.¹²⁵ Finally, “bilateral assistance reported by OECD DAC members for projects with climate change as a principal objective amounted to USD 13.9 billion in 2013 and USD 15.9 billion in 2014.”¹²⁶ Table 5, reproduced from the 2016 BA Technical Paper, summarizes climate finance flows from developed to developing countries.¹²⁷

107. The types of financial instruments used to channel climate finance vary by source, and include grants, concessional loans, loans, or equity. For climate finance channelled through multilateral funds “about 53% of funding (...) is provided as grants, and the remainder is largely concessional loans. Over time, the use of concessional loans, particularly through the CIF, has increased.” For climate finance originating from bilateral sources, “32% of bilateral, regional and other finance reported to the UNFCCC in biennial reports (BRs) is spent as grants, 20% as concessional loans, 11% as non-concessional loans, and the remainder through equity and other instruments in 2014. About 38% of the reported finance in BRs is channelled through multilateral institutions.”

Table 5
Summary of estimated climate finance flows from developed to developing countries, 2013 and 2014

		2013 (USD billion face value)	2014 (USD billion face value)	Sources of data
Flows to developing countries 2013–2014 average total	UNFCCC funds	0.6	0.8	Fund financial reports, CFU
	Multilateral climate funds (including UNFCCC funds)	1.9	2.5	Fund financial reports, CFU
	Climate-specific finance through bilateral, regional and other channels	23.1	23.9	CTF table 7(b)
	Public: USD 41 billion	11.7	12.4	CTF table 7(b)
	Private: USD 2 billion renewables	14.9	16.6	MDB climate finance reporting
	USD 24 billion FDI mobilized	1.8	2.1	CPI landscape of climate finance, BNEF
	FDI in greenfield alternative and renewable energy	26.4	21.6	CPI landscape of climate finance, fDi Intelligence
	Mobilized private finance ^d	12.8	16.7	OECD CPI report (2015)

^a Includes commitments approved during 2013 and 2014. Almost all contributions are contributed by Annex II Parties. The values do not reflect pledges to the GCF amounting to 10.2 billion USD by the end of 2014.

^b From Annex II Parties to non-Annex I Parties. Values are derived by excluding climate finance to Annex I Parties from the total climate finance provided by MDBs from their own resources to arrive at climate finance provided to non-Annex I Parties, and by attributing 85% of this to Annex II Parties.

^c From Annex II Parties to non-Annex I Parties.

^d From Annex II Parties as well as Czechia, Poland, Slovakia and Slovenia.

Source: 2016 BA Technical Report.

108. Overall, the 2016 BA Technical paper notes that, “On a comparable basis, the high-bound estimate of global total climate finance increased from USD 650 billion for 2011–2012 to USD 687 billion for 2013 and USD 741 billion for 2014”¹²⁸. The Table 6 below, reproduced from the same report, provides a summary of total global climate finance flows in 2013–2014.¹²⁹

¹²⁵ Ibid., page 43.

¹²⁶ Ibid., page 44.

¹²⁷ Ibid., page 53.

¹²⁸ Ibid., page 56.

¹²⁹ Ibid.

Table 6
Estimates of global total climate finance, 2011–2012, 2013 and 2014 (billions of USD)

	2013	2016 BA	2014	2014 BA 2011-2012
Global estimate (CPI)	High bound 346 (low bound 339)		High bound 397 (low bound 387)	343–385
<i>Of which public and private investment in renewables</i>	244		284	265
+ Adjustments to CPI estimates^a				
Private investment in energy efficiency, section 2.4	334 ^a		337 ^a	270
Private investment in sustainable transport, section 2.4.4	Not available		Not available	No adjustment
Private climate-relevant land-use expenditures, section 2.4.5	5 ^a		5 ^a	No adjustment
Private investment in adaptation, section 2.4.6	1.5 ^a		1.5 ^a	No adjustment
Total global climate finance reported in the BA	687		741	340–650 ^b
+Domestic climate-related public investment, section 2.4.7	192 ^a		192 ^a	No adjustment
Total including domestic climate-related public investment	880 ^b		930 ^b	No adjustment

^a The data used to estimate the adjustments do not relate to specific years, so the same amounts are applied to both 2013 and 2014. For energy efficiency, the global total is taken to be USD 365 billion for both years. The adjustments are USD 365 billion less the USD 31 billion already included in the CPI total USD (365 – 31 =) USD 334 billion for 2013 and less the USD 28 billion already included in the CPI total USD (365 – 28 =) USD 337 billion for 2014.

^b Rounded values.

Source: 2016 BA Technical Report.

109. The following paragraphs provide added details on resources channelled through the operating entities of the Financial Mechanism.

C.1.1 Resources mobilized through the operating entities

GCF Funding for mitigation and adaptation

110. Since the fifth review of the Financial Mechanism, the equivalent of USD 10.3 billion was pledged for the initial resource mobilization period of 2015–2018 (as of June 2017), by 43 state governments, including 9 from developing countries.¹³⁰ Of this amount, 10.1 billion had been signed into effectiveness as of June 2017, and 2.2 billion USD had been committed through projects.¹³¹

111. According to the a decision by the Board at its 6th meeting,¹³² 50% of total resources should be allocated to mitigation projects, and 50% to adaptation. As of June 2017, resources allocated through approved projects for mitigation represented 41% or 927 million USD, and resources allocated to adaptation projects, 27% or 594 million USD. Resources allocated to projects achieving both mitigation and adaptation represented a further 32%, or 718.9 million USD. In total, GCF's portfolio consists of 43 projects and programmes amounting to USD 2.2 billion (inclusive of USD 1.5 billion through the PSF) which is expected to attract additional USD 5.1 billion in co-financing.

112. In addition, the GCF Board is continuing efforts to finalize its initial resource mobilization plan, and reports that as at March 2017, 42 countries and regions and 1 city (out of 48 contributors) had signed the contribution agreements for part or all of their pledges, representing 10.1 billion of the 10.3 billion

¹³⁰ Green Climate Fund, Status of Pledges and Contributions, June 20, 2017: http://www.greenclimate.fund/documents/20182/24868/Status_of_Pledges.pdf/eef538d3-2987-4659-8c7c-5566ed6afd19.

¹³¹ <http://www.greenclimate.fund/what-we-do/portfolio-dashboard> (last accessed 14 July 2017).

¹³² GCF Board decision, B.06/06.

anticipated resources.¹³³ As at 2 June 2017, approximately USD 10.13 billion of the pledges had been converted into contribution agreements/arrangements, representing just over 98 per cent of the total pledged amount.¹³⁴

GEF funding for mitigation

113. The GEFTF has been the primary source for grants provided by the GEF to recipient countries. Funding for climate change at the GEF can be classified in terms of direct and indirect funding. The former directly supports climate change projects and the latter supports projects which are considered as climate relevant, while supporting projects under other thematic areas of the GEF.

114. In terms of directly financing climate change projects, resources under the GEFTF have been allocated to mitigation through the CCM focal area, which also channels funding for technology transfer and for the fulfilment of Convention obligations by developing countries. Recently, the Capacity Building Initiative for Transparency in reporting on climate change (CBIT) was also established as a separate trust fund as another mechanism to channel direct financing for climate change reporting.¹³⁵ CCM funding has increased steadily from the GEF Pilot Phase to date, with cumulative totals amounting to USD 5.2 billion through 836 mitigation projects and programs in over 165 countries.¹³⁶ Programming includes themes such as technology transfer, energy efficiency, renewable energy, transport, agriculture, forest and other land use.

115. In addition, the GEF also channels a portion of CCM funding through the Small Grants Program, funding towards Convention-related obligations and “enabling activities” such as Biennial Update Reports (BUR), National Communications (NCs), Intended Nationally Determined Contributions (INDCs), etc. Figure 5 below¹³⁷ summarizes historical allocations for climate mitigation through the GEF replenishment cycles. Since its creation in 1992, the SGP has channelled funding for community-based mitigation projects totalling USD 131 million.

¹³³ See GCF document GCF document GCF/B.17/04.

¹³⁴ FCCC/CP/2017/5, paragraph 39.

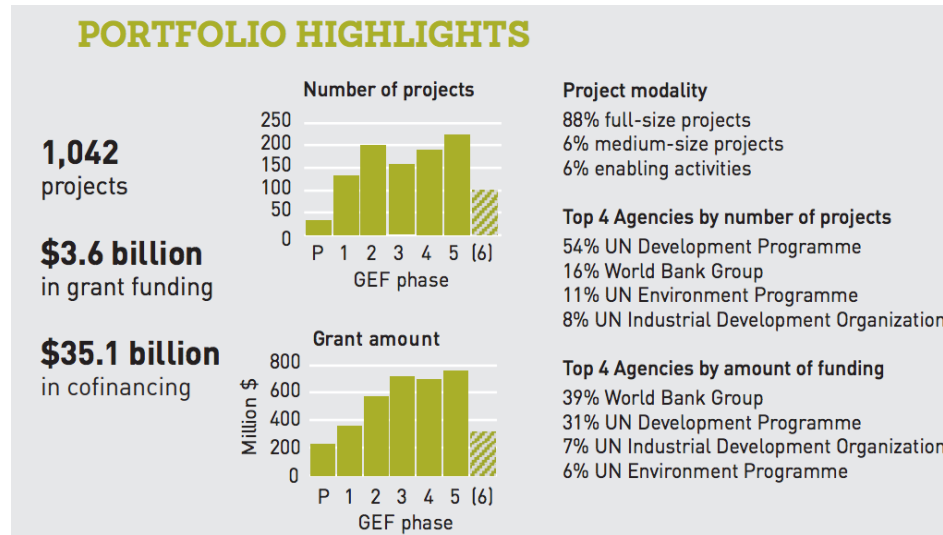
¹³⁵ GEF document GEF/C.50/05.

¹³⁶ FCCC/CP/2016/6, paragraph 77.

¹³⁷ GEF IEO, OPS6, Climate Change Study Technical Brief, page 2:

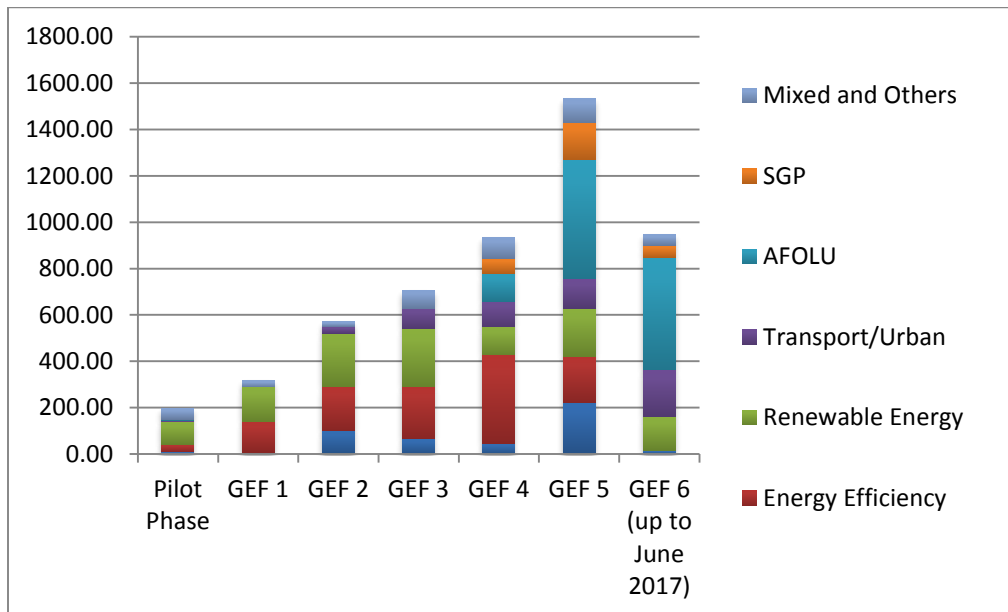
<<http://www.gefio.org/sites/default/files/ieo/signposts/files/climate-change-2017-brief.pdf>>.

Figure 5
Snapshot of historical financing for CCM at the GEF



116. Figure 6, taken from the annual report of the GEF to the COP,¹³⁸ illustrates historical funding allocated to approved climate change projects in the various themes. Figures for GEF 6 only reflect programming as at June 2017.

Figure 6
GEF projects on climate change mitigation by phase (excluding enabling activities, NC and BUR projects) (in USD million)



117. Currently, negotiations are ongoing for the GEF-7, which will cover the period from 2018 to 2022.

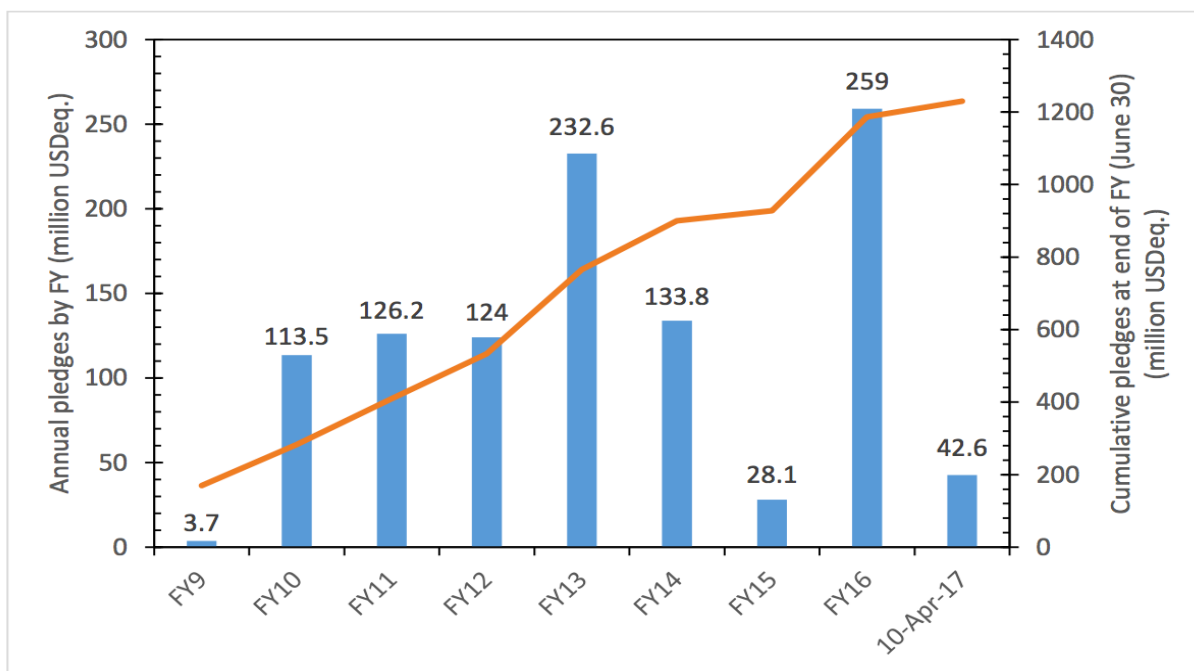
¹³⁸ FCCC/CP/2017/7, page 30.

GEF funding for Adaptation

118. Direct funding in support of Climate Change Adaptation (CCA) at the GEF is currently delivered directly and exclusively through the LDCF and SCCF, although support for projects under other focal areas, such as land degradation and biodiversity, have also brought indirect adaptation benefits. Both funds rely on voluntary contributions that can be made at any time. Total cumulative pledges to the LDCF “amounted to USD 1.23 billion, of which USD 1.19 billion had been received as of June 30, 2017.”¹³⁹ Contributions have made by 26 participants. From the inception to June 30, 2017, USD 1,175 million has been approved for projects, programs, and enabling activities under the LDCF.

119. As for the SCCF, cumulative pledges amounted to USD 351.7 million, of which 99 percent had been paid (USD 346.7 million), with resources being contributed by 15 participants.¹⁴⁰ As at June 30, 2017, the GEF, through the SCCF-A, has provided USD 287.9 million for adaptation projects. The SCCF-B (technology transfer window), has provided USD 60.7 million for twelve projects that support technology transfer. The trends of contributions to the LDCF are illustrated in Figure x below,¹⁴¹ while the trends of contributions to the SCCF are illustrated in Figure 7.¹⁴²

Figure 7
Total annual and cumulative pledges to the LDCF by fiscal year (million USD eq.)



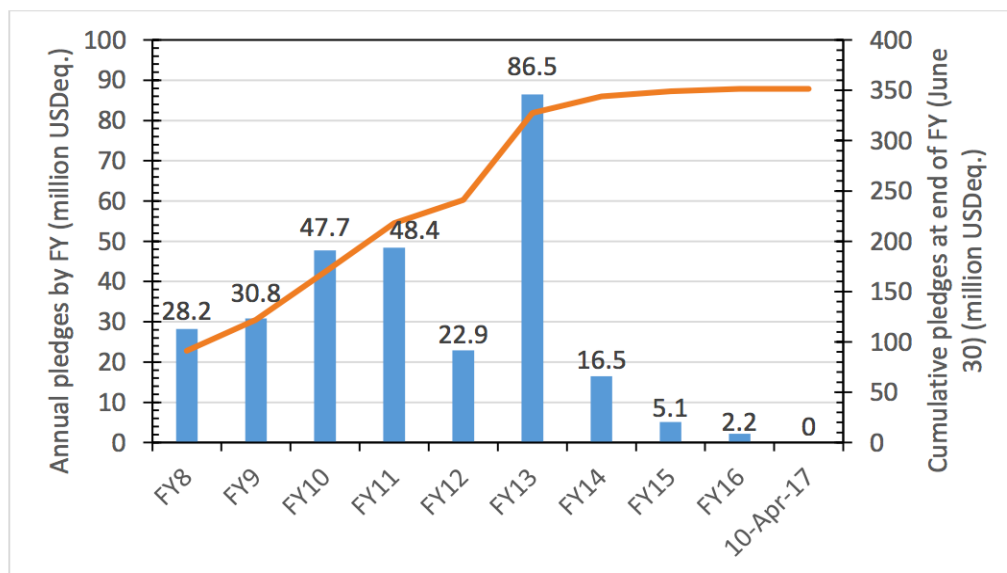
¹³⁹ FCCC/CP/2017/7, paragraph 112.

¹⁴⁰ GEF document GEF/LDCF.SCCF.22/03/Rev.01. page iii and FCCC/CP/2017/7, paragraph 121.

¹⁴¹ GEF document GEF/LDCF.SCCF.22/03/Rev.01. page 3.

¹⁴² GEF document GEF/LDCF.SCCF.22/03/Rev.01. page 14 and FCCC/CP/2017/7, paragraph 121.

Figure 8
Total annual and cumulative pledges to the SCCF by fiscal year (million USD eq.)



C.3. Amount of finance leveraged and modalities of co-financing

C 3.1 Co-financing at the GCF

120. Co-financing is integral to the decision-making process in the GCF on funding proposals, which is currently captured in the “Economic efficiency” category of the Investment Framework.¹⁴³ The GCF Board, through decision B.17/10, decided to consider an explicit policy on co-financing by the 19th Board.¹⁴⁴ Many projects submitted to and/or approved by the GCF provide co-financing from national governments and other project partners. At June 2017, co-financing expected to be mobilized from the 43 approved projects represented USD 5.1 billion, or a ratio of over 2:1. Of these, USD 1.2 billion has come through the Fund’s PSF and is anticipated to help mobilise a USD 41 billion in on-ground investment.”¹⁴⁵

121. Discussions on whether to define a clearer co-financing policy and method for calculating additional costs have been initiated through the GCF Board, “in accordance with the strategic plan for the GCF, which outlines that the Board intends to prioritize the development of its proposal pipeline by “identifying opportunities for the GCF to add value by co-financing projects and programmes together with the GEF, the AF or multilateral development banks (MDBs).”¹⁴⁶ The Board, at its seventeenth meeting, tasked the GCF secretariat to develop “a proposal for the Board’s consideration at its nineteenth meeting, taking into account best practices from other multilateral funds and other approaches, to address the following: (i) the development and application of an incremental cost calculation methodology and/or alternative methodologies, as appropriate; (ii) guidance on the GCF’s approach and scope for support to adaptation activities; (iii) a policy on co-financing; and (iv) options for further guidance on concessionality, building on related work.”¹⁴⁷

¹⁴³ GCF document GCF/B.09/07, page 14–15.

¹⁴⁴ GCF document GCF/B.17/21, annex I.

¹⁴⁵ GCF document GCF/B.17/02, paragraph 4.

¹⁴⁶ GCF document GCF/B.14/INF.02.

¹⁴⁷ GCF document GCF/B.17/21, Annex I.

C.3.2 Co-financing at the GEF

Mitigation

122. The GEF's policy on co-financing has evolved over the years, and was updated in 2014 in response to the OPS5. The goal of a new policy was 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."¹⁴⁸

123. The policy defines co-financing "for GEF-financed projects, excluding LDCF and SCCF projects, (...) as resources that are additional to the GEF grant and that are provided by the GEF Partner Agency itself and/or by other non-GEF sources that support the implementation of the GEF financed project and the achievement of its objectives. Co-financing is required for all FSPs, MSPs and programmatic approaches at the GEF, excluding the ones funded through the LDCF and SCCF. The GEF secretariat does not set minimum co-financing thresholds for GEFTF projects. Co-financing is optional for GEF enabling activities."¹⁴⁹ Co-financing is optional for GEF enabling activities.¹⁵⁰

124. Co-financed resources can include any or all of the following categories: grants, loans at market or concessional rates, guarantees, cash and specific in-kind support. The provisions on co-financing aim not only to contribute to a further mobilization of resources but also to ensure that the GEF supports only the incremental cost of projects financed, as per its mandate.

125. The co-financing ratios for the overall GEFTF have significantly evolved since the inception phase, as can be seen in the Table 7 below.¹⁵¹ The 2016 Annual Monitoring report also notes that portfolio-wide anticipated co-financing ratios for GEF-6 are also higher, approaching 7.5:1 to date.¹⁵² This trend is also reflected in co-financing ratios for climate mitigation activities funded from the GEFTF which have gone from 6.7:1 in all phases up to GEF-3, to 12.2:1 during GEF4-5,¹⁵³ and 13.8:1 for GEF-6.¹⁵⁴

¹⁴⁸ GEF document GEF/C.46/09, paragraph 3.

¹⁴⁹ Ibid., Annex I, paragraph 305

¹⁵⁰ Ibid.

¹⁵¹ GEF document GEF/C.46/09, annex II, paragraph 3.

¹⁵² GEF document GEF/C.51/03, page 32.

¹⁵³ Id. Annex 2, co-financing data, page 13

¹⁵⁴ GEF document GEF/C.51/03, page 33.

Table 7
Co-financing ratios for the GEF portfolio and the climate mitigation projects (GEFTF)

GEF Period	Overall Co-financing ratio	Co-financing ratio for mitigation projects
Pilot Phase	4.1	6.7
GEF-1	2.5	
GEF-2	3.9	
GEF-3	4.4	
GEF-4	6.3	12.2
GEF-5	6.8	
GEF-6 to date	7.5	13.8

126. The GEF secretariat notes that “Since the GEF’s inception, the climate change focal area has had the highest co-financing ratio (reaching 12.2 in GEF-5) and has accounted for about 50 percent of total mobilized co-financing to date.” The largest source of co-financing for the climate change focal area has been national governments, with an estimated 4.7 billion USD eq leveraged in GEF-4 and 5, followed by GEF Agencies (3.8 billion) and private sector (4.2 billion).¹⁵⁵ The CCM is by far the focal area that has mobilized the most co-financing from the private sector, with numerous projects and programs demonstrating high volumes of private sector co-financing, especially in sectors including renewable energy, transport, and energy efficiency.¹⁵⁶

Adaptation

127. The determination of co-financing resources for adaptation is slightly different. Since the GEF is requested to fund the full additional costs of adaptation through the LDCF and SCCF, “The full adaptation cost translates into the term “additional cost” in COP decisions and LDCF/SCCF programming papers. This concept is used to explain how the costs of adaptation are added to costs of business-as-usual development. Business-as-usual refers to activities that would be implemented also in absence of climate change. The full costs of adaptation are fully paid by the LDCF/SCCF,”¹⁵⁷ while the costs of business-as-usual development represent co-financing. There is no prescribed ratio of co-financing to baseline financing in LDCF or SCCF projects.

128. Overall, the ratio of co-financing to the LDCF portfolio (cumulative) represents approximately 4:1, with a total of over 4.53 billion in co-financing, whereas the ratio is higher in the projects supported by the SCCF, approximately 7.5:1.¹⁵⁸ As noted in the Program Evaluations of the LDCF and SCCF, both conducted by the GEF IEO (2016 and 2017), co-financing shares and ratios vary across Agencies.¹⁵⁹ For

¹⁵⁵ GEF document GEF/C.46/09, page 14.

¹⁵⁶ GEF document GEF/C.51/03, page 32 and 33.

¹⁵⁷ GEF, Accessing funds from the LDCF, 2011, paragraph 28: <<https://www.thegef.org/publications/accessing-resources-under-ldcf>>.

¹⁵⁸ GEF document GEF/LDCF.SCCF.22/04, page 5.

¹⁵⁹ GEF IEO, Program Evaluation of the Special Climate Change Fund (SCCF) 2017, page 20: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/sccf-2016.pdf>>. and Program Evaluation of the Least

both the LDCF and SCCF, multilateral GEF Agencies generate the larger amounts of co-financing. The higher rates of co-financing mobilized by SCCF projects are attributed by the GEF IEO to the fact that “SCCF money is not used to support a discrete, standalone project, rather it finances the introduction or mainstreaming of adaptation across an existing, larger project.”¹⁶⁰

C.4. Adequacy, predictability and sustainability of funds

C.4.1 Adequacy

129. According to Article 4.3 of the Convention, the provision of new and additional financial resources by developed country Parties to assist developing countries in implementing the Convention shall take into account the need for adequacy and predictability in the flow of funds. Such principles are essential to assist developing countries in integrating and mainstreaming climate change into their development planning and to foster an impact in the context of long-term action on climate change.

130. A broader discussion on the adequacy of resources available in general to meet the needs of developing countries to implement the Convention is hampered by the fact that there is no agreed assessment of the financing needs of developing countries. This poses a challenge to a quantitative assessment of the adequacy of the funds. Nevertheless, some work on this has progressed over the years.

131. The 2014 BA, for example, compiled financing needs specified in Nationally Appropriate Mitigation Actions (NAMAs) submitted to the UNFCCC. The resulting needs assessment was comprised of varied sources of information, but the needs expressed through 26 NAMAs totalled nearly USD 5 billion.¹⁶¹ More recently, the 2016 BA found that needs expressed in NDCs approached USD 3.548 trillion.¹⁶² The assessment of needs for both mitigation and adaptation is however complicated by variations in methodologies, timeframes and reporting formats.

132. In the Adaptation Finance Gap Report, United Nations Environment Programme (UNEP) notes that: “the costs of adaptation are likely to be two- to-three times higher than current global estimates by 2030, and potentially four-to-five times higher by 2050. Previous global estimates of the costs of adaptation in developing countries have been placed at between USD 70 billion and USD 100 billion a year for the period 2010–2050. However, the national and sector literature surveyed in this report indicates that the costs of adaptation could range from USD 140 billion to USD 300 billion by 2030, and between USD 280 billion and USD 500 billion by 2050.”¹⁶³

133. With respect to the adequacy of the operating entities to meet the demands, the GEF notes that currently available resources, for example under the LDCF, are insufficient to meet the demand for adaptation programming: “Due to lack of available resources, the GEF remained behind in terms of being able to program LDCF resources at the level proposed in the illustrative scenarios contained in the Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF” .¹⁶⁴ As at June 30, 2017, the GEF secretariat notes that “the demand for LDCF resources considerably exceeds the funds

Developed Countries Fund, 2016, page 15: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/ldcf-2016.pdf>>.

¹⁶⁰ GEF IEO, Program Evaluation of the Special Climate Change Fund (SCCF) 2017, page 32: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/sccf-2016.pdf>>.

¹⁶¹ 2016 BA technical report, page 191: <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2016_ba_technical_report.pdf>.

¹⁶² 2016 BA technical report, page 264: <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2016_ba_technical_report.pdf>.

¹⁶³ UNEP, 2016, Adaptation Finance Gap Report, page xii: <<http://www.unep.org/adaptationgapreport/sites/unep.org.adaptationgapreport/files/documents/agr2016.pdf>>.

¹⁶⁴ GEF document GEF/LDCF.SCCF.22/03/Rev.01, paragraphs 2–3.

available for new approvals. In the reporting period, the LDCF supported 23 projects with USD 164.8 million, whereas 27 priority projects that had been technically cleared by the GEF secretariat remained unfunded in the pipeline, amounting to USD 175.5 million as at June 30, 2017. On the same date, funds available for new funding approvals amounted to USD 57.3 million¹⁶⁵.

134. While there are no official figures available yet, it should be noted that the GCF is currently undertaking exercises with NDAs and FPs to develop Country Work Programs, and with accredited entities to develop entity work programs. Preliminary data emerging from these exercises indicate a potential resource requirement of approximately USD 9.19 billion for country work programs, and USD 6.26 billion from entity work programs. This would bring the total current demand for GCF resources in the near term to approximately USD 15 billion.

C.4.2 Predictability

135. Under the UNFCCC process, developed countries committed to jointly mobilize USD 100 billion per year by 2020 from a variety of sources, public and private, bilateral and multilateral, including alternative sources, in the context of meaningful mitigation actions and transparency on implementation.¹⁶⁶ During the period of this review, 2014–2017, developed countries continued to undertake efforts to mobilize further resources to assist developing countries in implementing the objectives of the Convention. Work is currently on-going at the level of the Convention to provide clarity on how climate finance is being scaled-up to achieve this goal by 2020.

136. Upon request from the COP,¹⁶⁷ developed countries, in 2014 and 2016, submitted BRs on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway. These two rounds of biennial submissions have been compiled and synthesized by the secretariat into UNFCCC official documents.¹⁶⁸ The latest compilation and synthesis document contains summarized information provided by developed countries on expected levels of climate finance, as presented in Table 8 below.

Table 8

Information provided by developed country Parties on expected levels of climate finance

<i>Party</i>	<i>Reported levels of expected climate finance</i>	<i>Time frame</i>
Australia	At least AUD 1 billion (the AUD 200 million annual floor in public finance will be maintained)	2016–2020
Austria	Austria will strive to provide at least EUR 0.5 billion (in addition to the current Austrian pledge to the GCF)	2015–2020
Belgium	EUR 50 million (annually in public finance)	2016–2020
Canada	CAD 2.65 billion CAD 800 million (annually)	2016–2020 By 2020
Czech	Approximately USD 5.3 million (to the GCF) and EUR 1.4 million for the German Climate Finance readiness programme Approximately 10% of the EUR 3.7 million annual	2014–2018 2018–2019

¹⁶⁵ FCCC/CP/2017/7, paragraph 114

¹⁶⁶ Decision 1/CP.16, paragraph 98.

¹⁶⁷ Decision 3/CP.19, paragraph 10.

¹⁶⁸ FCCC/CP/2015/INF.1 and FCCC/CP/2017/INF.1.

<i>Party</i>	<i>Reported levels of expected climate finance</i>	<i>Time frame</i>
	budget for bilateral development cooperation (annually)	
Denmark	DKK 270 million (approximately USD 38 million; earmarked climate finance, including DKK 156 million to the LDCF)	2016
Estonia	EUR 1 million (annually)	2015–2020
European Union and its member States	At least 20% of the EU budget to be spent on climate-relevant activities (approximately EUR 180 billion)	2014–2020
	The European Commission intends to more than double climate finance grants from the EU budget, reaching EUR 2 billion per year on average	Up to 2020
Finland	EUR 65 million (for GEF-6)	Ends 2018
	EUR 80 million (for the GCF)	2015–2018
	EUR 500 million (in new investment funding for developing countries, a substantial part of which will contribute to climate finance)	2016–2019
France	EUR 5 billion (annually in bilateral and multilateral finance)	By 2020
	France announced that within this target adaptation finance will be tripled to EUR 1 billion annually	
Germany	EUR 2.438 billion (from budgetary sources)	2016
	In addition, Germany continues to provide significant amounts of mobilized public climate finance, from KfW and DEG as well as mobilized private finance	
	Germany aims to double its international climate finance as compared with 2014	By 2020
Hungary	HUF 1 billion (approximately EUR 3.2 million; including bilateral and multilateral finance; in addition to its 2015 pledge to the GCF of HUF 1 billion)	2016 to latest 2020
	Hungary's ODA type bilateral climate finance is expected to remain at a similar level in the coming years	
Ireland	EUR 175 million (in public grant finance, primarily for adaptation)	2016–2020
	Additional EUR 2 million (to the GCF) with a view to building up its support for the fund	2016
	Ireland will continue to support the LDCF and will provide, subject to budget availability and approval, at least EUR 6 million in grant-based funding by 2020	
Italy	At least USD 4 billion (bilateral and multilateral finance and mobilized private finance)	2015–2020
Japan	JPY 1.3 trillion (public and private finance)	In 2020
Lithuania	Lithuania is determined to mobilize climate-related support in amounts similar to or higher than those mobilized in 2015 (approximately EUR 0.5 million)	Over the coming years

<i>Party</i>	<i>Reported levels of expected climate finance</i>	<i>Time frame</i>
Netherlands	EUR 1.7 billion (expected amount of public climate expenditures)	2010–2016
	EUR 273 million (mobilized private finance)	2010–2016
	EUR 660 million (including EUR 360 million in public finance and EUR 300 million in mobilized private finance)	2017
New Zealand	Up to NZD 200 million	2016–2019
	Most recent projections suggest this commitment will be met in three years rather than four and it is expected that this figure will be once again exceeded as new adaptation and mitigation projects come online. New Zealand is committed to further increasing finance in the period beyond 2019	
Norway	Norway intends to continue its REDD-plus ^a finance at least at current levels (2016 budget: NOK 2.8 billion)	Up to 2020
	Norway pledged to continue to provide finance for REDD-plus	Up to 2030
	NOK 1.6 billion (to the GCF)	2015–2018
	Norway will double its contribution to the GCF by 2020 if the fund secures verified emission reductions from deforestation and forest degradation in developing countries	
	NOK 108 million (annually; to the regular replenishment of the GEF)	2016–2017
Poland	USD 8 million	Up to 2020
Slovakia	While there is no forward-looking information on expected levels available, financial information provided in annual reports for 2014 and 2015 demonstrates an upward trend	
Spain	Spain aims to double its international climate finance as compared with 2014 (by mobilizing an amount of EUR 900 million)	By 2020
Sweden	Sweden will nearly double levels of multilateral climate finance as compared with 2015	2016
United Kingdom of Great Britain and Northern Ireland	GBP 5.8 billion in ICF	2016–2020
	In 2020, the United Kingdom's annual climate finance will be double that of 2014, with a commitment to achieve a 50:50 balance between adaptation and mitigation spent over this period	
	Over the lifetime of the existing ICF portfolio, the United Kingdom expects to mobilize GBP 4.1 billion of private climate finance	
United States of	The United States committed to doubling its grant-based	By 2020

<i>Party</i>	<i>Reported levels of expected climate finance</i>	<i>Time frame</i>
America	public finance for adaptation	

Abbreviations: AUD = Australian dollar, CAD = Canadian dollar, DEG = Deutsche Investitions- und Entwicklungsgesellschaft mbH, DKK = Danish krone, EU = European Union, HUF = Hungarian forint, GBP = pound sterling, GEF = Global Environment Facility, GEF-6 = the sixth replenishment of the GEF, GCF = Green Climate Fund, ICF = international climate finance, JPY = yen, KfW = Kreditanstalt für Wiederaufbau, LDCF = Least Developed Countries Fund, NOK = Norwegian krone, NZD = New Zealand dollar, ODA = official development assistance.

^a In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

137. Furthermore, responding to a COP decision relating to scaling up the level of financial support by the developed countries, in 2016, Australia and the UK led developed countries in delivering a *Roadmap to USD 100 Billion*,¹⁶⁹ aiming to provide increased predictability and transparency about how the USD 100 billion goal will be reached, and presented the range of actions developed countries will take to meet the goal. According to the roadmap, which draws on from the OECD work on the *2020 Projections of Climate Finance Towards the USD 100 Billion Goal*,¹⁷⁰ “Since the commitment was made in 2010, developed countries have significantly scaled-up support to developing countries – aggregate levels were estimated at USD 62 billion in 2014, up from USD 52 billion in 2013 (...) and pledges made in 2015 alone will boost public finance from an average of USD 41 billion over 2013-14 to USD 67 billion in 2020.”¹⁷¹ The OECD analysis notes that “modest assumptions about increased leverage ratios would lead to projected overall finance levels in 2020 above USD 100 billion” and that “that the amount of public adaptation finance (bilateral and attributed multilateral) is projected to at least double in volume between 2013-14 and 2020.”¹⁷² The Roadmap reiterates the commitments of developed countries to make good on their pledges and sets forth a series of actions that countries will implement in order to accelerate the achievement of financing targets.

138. Moreover, the COP decided to initiate at COP 22 a process to identify the information to be provided by Parties, in accordance with Article, 9, paragraph 5, of the Paris Agreement with a view to providing a recommendation for consideration and adoption by the COP serving as the meeting of the Parties to the Paris Agreement at its first session.¹⁷³ Article 9 paragraph 5 of the Paris Agreement stipulates that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 (provision of climate finance) and 3 (mobilization of climate finance) of the Article, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties; and other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis. Process under the UNFCCC is ongoing to engage from a technical point of view on the process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5 of the Paris Agreement.¹⁷⁴

¹⁶⁹ Available at: <<http://dfat.gov.au/international-relations/themes/climate-change/pages/climate-finance-roadmap-to-us100-billion.aspx>>.

¹⁷⁰ Available at: <<http://www.oecd.org/environment/cc/oecd-climate-finance-projection.htm>>.

¹⁷¹ Roadmap to USD 100 billion, page 1: <<http://dfat.gov.au/international-relations/themes/climate-change/Documents/climate-finance-roadmap-to-us100-billion.pdf>>.

¹⁷² Ibid.

¹⁷³ Decision 1/CP.21, paragraph 55.

¹⁷⁴ A roundtable discussion was held in May 2017 in conjunction with SB47, which aimed at providing Parties with the opportunity to engage from a technical point of view on the process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5 of the Paris Agreement. Programme of the roundtable discussion is

139. In relation to finance channelled through the operating entities, GCF's initial resource mobilization period lasts from 2015 to 2018, and the Fund accepts new pledges on an ongoing basis.¹⁷⁵ The Governing instrument specifies that once 60 percent of the resources have been committed to projects, the GCF is expected to set up a systematic replenishment process. The GCF Board is currently engaged in discussions on how to initiate such a formal replenishment process¹⁷⁶ and this issue is expected to be an important part of its 2018 workplan.¹⁷⁷

140. The fifth review of the Financial Mechanism noted that the 4-year replenishment process for the GEFTF resources makes the GEF subject to a good level of predictability.¹⁷⁸ According to the latest GEF report on resource availability, there is a high materialization of pledges made to the GEF, however, exchange rate fluctuations in the earlier months of GEF-6 mean that a shortfall from GEF-6 replenishment targets is still expected.¹⁷⁹ The COP took note of the projected shortfall of resources and the decision of the GEF Council on that matter.¹⁸⁰ The GEF has been working on an ongoing basis to minimize potential consequences of the projected shortfall, aiming to maintain the balance among original allocations in the GEF-6 replenishment decision, assisting LDCs and SIDS in accessing resources and supporting core obligations to the conventions for which the GEF is a/the Financial Mechanism.¹⁸¹

141. The GEF Trustee has also reported on the status of the GEFTF to date. As of March 31, 2017, of the USD eq. 16.6 billion that has been pledged to the GEF since its establishment, over 99 per cent has been disbursed by the donor countries and "GEF-6 pledges total SDR 2,460 million (USD eq. 3,716 million), of which Donors have deposited SDR 2,440 million or 99% of the amount with the Trustee."¹⁸² The GEF Council noted the contribution of the STAR to increased country ownership and country led programming in the GEF,¹⁸³ in response to the mid-term evaluation and management response, and the GEF OPS6 also points to the ameliorated predictability of resources created by the STAR.

142. Funding for adaptation at the GEF is subject to less predictability than funding for mitigation, which is set at the start of a replenishment. As the LDCF and SCCF are not subject to a replenishment process, they rely on voluntary contributions from developed countries that can be made at any time. However, it is to be noted that, apart from few exceptions, resources have recurrently been pledged to both funds during the meetings of the LDCF/SCCF Council and that there has been an increase in the cumulative level of pledges to both Funds (see chapter C.1) which have been supported by strong levels of materialization: as of as of June 30, 2017, 99% of all 1.23 billion USD pledged to the LDCF¹⁸⁴ and 98 per cent of the 351.7 million USD pledged to the SCCF had been materialized.¹⁸⁵

available at: <https://unfccc.int/files/meetings/bonn_may_2017/in-session/application/pdf/exante_roundtable_programme_1305.pdf>.

¹⁷⁵ <<http://www.greenclimate.fund/partners/contributors/resources-mobilized>>.

¹⁷⁶ The GCF Board considered two options on the initial replenishment process at its eleventh meeting. See GCF document GCF/B.11/25, paragraphs 178–200. Furthermore, the Board requested the GCF secretariat to prepare a legal note to be presented at the fifteenth meeting.

¹⁷⁷ GCF document GCF/B.16/23, paragraph 29.

¹⁷⁸ SCF/TP/2014/1, paragraph 96.

¹⁷⁹ GEF document GEF/C.52/INF.10/Rev.01, paragraph 2.

¹⁸⁰ Decision 11/CP.22, paragraph 5.

¹⁸¹ FCCC/CP/2017/7, Table 1.

¹⁸² GEF document GEF/C.52/INF.13, page 1.

¹⁸³ Joint Summary of the Chairs (C.45), paragraph 15: <<http://www.gefio.org/sites/default/files/ieo/council-documents/files/c-45-Chair-Summary-eng.pdf>>.

¹⁸⁴ GEF/LDCF.SCCF.22/INF.02, page 4

¹⁸⁵ FCCC/CP/2017/7, paragraphs 112 and 121.

D. Delivery and effectiveness of financial resources

143. The delivery and effectiveness of finance, especially by the operating entities, are issues of paramount concern to all Parties to the UNFCCC. This chapter reflects on the emerging experiences in accessing resources from the operating entities, timeliness and rate of disbursement, the promotion of country-ownership of projects and programmes, and the creation of enabling environments for catalysing investments.

D.1. Accessibility

144. The accessibility to climate finance resources has been a substantial concern for recipient countries, particularly for smaller and less developed countries that have more modest capacity. Accessibility can be indirectly determined by considering eligibility and access modalities for the various financial sources, in particular those provided through the operating entities of the Financial Mechanism.

145. The Governing Instrument for the GCF states that access to the Fund resources will be through sub-national, national, regional and international implementing entities accredited by the Board. Each country is free to determine the mode of access and these options may be used simultaneously.¹⁸⁶ Accreditation is subject to norms set forth in the accreditation framework, which assesses the entity's performance against the GCF fiduciary principles and standards, safeguards policies and gender policy, among others.¹⁸⁷

146. As at 31 July 2017, a total of 54 entities had been accredited to the GCF, including 27 DAEs, 17 national and 10 regionals. A full 50% of entities accredited are therefore DAEs, up from 39% at the same time in 2016. Currently there are 190 entities in the pipeline seeking accreditation. 77 entities had completed and submitted their applications for accreditation and were in the first stage of the accreditation process (institutional assessment and completeness check) and 11 applications were under review by the independent Accreditation Panel (third stage of the accreditation process).¹⁸⁸

147. Consideration of accreditation requests has been subject to a prioritization process, and the GCF is continuously identifying new potential DAEs: "through regional workshops and structured dialogue events, the secretariat is working with NDAs and FPs to identify entities that may be nominated to seek accreditation to the GCF"¹⁸⁹ and providing ongoing support to entities seeking accreditation or in the process of accreditation. In April 2017, the GCF launched "GCF 101", an online web resource¹⁹⁰ to guide entities on how to access the GCF.

148. The GCF launched a pilot phase for enhanced direct access in 2016. The Enhanced Direct Access modality provides a different mechanism for accessing and managing funds provided by the GCF. Under that modality, "decision-making on the specific projects and programmes to be funded will be made at the country/entity level"(...) This implies that the screening, assessment and selection of specific pilot activities would be made at the national or subnational level."¹⁹¹ At June 2017, 16 concept notes or proposals had been received by the secretariat, one of which had been approved by the seventeenth Board meeting.¹⁹² Another pilot program was launched at the 10th Board meeting which seeks to increase the access to GCF resources from small and medium¹⁹³ sized enterprises.¹⁹⁴ At the seventeenth Board meeting,

¹⁸⁶ GCF Governing Instrument, paragraphs 45–48.

¹⁸⁷ <http://www.greenclimate.fund/documents/20182/319135/1.3_-_GCF_Accreditation_Introduction_February_2017.pdf/4d44997c-6ae9-4b0e-be5d-32da82e62725>.

¹⁸⁸ FCCC/CP/2017/5.

¹⁸⁹ GCF document GCF/B.17/05, paragraph 15.

¹⁹⁰ <<http://www.greenclimate.fund/-/gcf-101-new-guide-on-how-to-access-the-green-climate-fund>>.

¹⁹¹ GCF document GCF/B.10/05, paragraph 10.

¹⁹² GCF document GCF/B.17/05, paragraph 15.

¹⁹³ GCF document GCF/B.17/INF.01, paragraph 34.

¹⁹⁴ Decision B.10/11, paragraph (a).

the secretariat reported that “the Board approved two projects for GCF funding of USD 32 million at B.15” One more proposal was being presented for consideration at B.17. “On closing the first pilot programme, the total portfolio of the first pilot is expected to comprise up to five MSME proposals within the envelope of USD 100 million as decided by the Board. Building on the lessons learned from the first pilot, the second pilot programme is expected to be launched after the nineteenth meeting of the Board (B.19).”

149. Furthermore, the GCF is providing readiness support to enhance access and has created tools and guidance materials to further support the emergence of accredited entities at all levels. This includes providing readiness support for capacity gap assessments for 21 DAEs nominated by 18 countries from different geographical/regional areas (June 2017).¹⁹⁵ Furthermore, the GCF secretariat is working with the 54 AEs in order to update or develop draft Entity Work Program briefs that highlight objectives for engagement with the GCF, areas of focus and thematic priorities, “as well as challenges, barriers, readiness needs and potential solutions to bringing the pipeline to the GCF.”¹⁹⁶ In regards to strengthening the capacities of DAEs in the areas of ESS, and the gender policy, the GCF has completed a process of creating a roster of institutions that can provide such support, which is available for countries to request for their DAEs.

150. Moreover, the GCF operates Project Preparation Facility (PPF) to support project and programme preparation requests from all accredited entities, especially DAEs, and especially for projects in the micro-to small-sized category, with a view to enhancing the balance and diversity of the project pipeline support developing countries prepare projects and programmes.¹⁹⁷

151. The first PPF proposal, which was from the Ministry of National Resources of Rwanda for USD 1.5 million, was approved at the twelfth meeting of the GCF Board, and has now completed all activities. On 30 April 2017, the Ministry of National Resources of Rwanda submitted its funding proposal of the underlying project, the Rural Green Economy and Climate Resilient Development Project, to the secretariat. A second PPF request has been approved related to early warning systems in Fiji, Papua New Guinea, Solomon Islands, Timor-Leste and Vanuatu. As at 31 July 2017, DAEs had submitted 11 PPF requests and the secretariat is working with all DAEs to help them to develop further PPF requests. Much of the support sought in the PPF requests is to conduct feasibility studies, environmental and social impact assessments, and stakeholder consultations.

152. The GEFTF can be accessed through its implementing agencies and, for certain types of enabling activities (Convention reports and NPFs), through direct access, since GEF-5.¹⁹⁸ Both the SCCF and the LDCF follow the GEF policies and procedures for access modalities.

153. Efforts have been made to expand the range of agencies and partners to the GEF in recent years, leading to the addition of 8 new implementing agencies in 2012, including some national agencies.¹⁹⁹ A recent evaluation of the expanded partnership undertaken by the GEF IEO has found that this expansion has “increased the Partner Agency choices available in each GEF focal area at the overall Partnership level. In addition, the expansion has also increased the choices available to the recipient countries for programming GEF resources.” Similarly, this expansion has also opened new areas within countries to

¹⁹⁵ GCF document GCF/B.17/05, paragraph 18.

¹⁹⁶ Ibid, paragraph 41.

¹⁹⁷ See GCF Board decision B.13/21 for more details.

¹⁹⁸ Latest list: <<https://www.thegef.org/partners/GEF-agencies>>.

¹⁹⁹ The eight organizations included as GEF Project Agencies are: Conservation International (CI), Development Bank of Latin America (CAF), Development Bank of Southern Africa (DBSA), Foreign Economic Cooperation Office (FECO, China), Fundo Brasileiro para a Biodiversidade (FUNBIO), International Union for Conservation of Nature (IUCN), West African Development Bank (BOAD), and World Wildlife Fund (WWF-US).

accessing GEF resources.²⁰⁰ However, the evaluation also found that “a relatively higher percentage of countries that experienced little or no increase in Agency choice from the second round of expansion were LDCs, SIDS and land locked countries.”²⁰¹

154. The GEF is taking steps to engage with countries to increase their awareness and understanding of policies and procedures to access the GEF resources. The GEF aims to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the LDCs and SIDS, in the context of their national climate strategies and plans.²⁰² ECWs and NPFs provide such opportunities.

155. Important efforts are being made to increase access to the GEF and the GCF, in particular by entities other than multilateral institutions. A recent report highlights some capacity-building support needed to strengthen access to financing. Key challenges highlighted by many stakeholders include:²⁰³ the lack of developing country capacity to devise a national strategy for utilizing available climate finance resources and for attracting climate-friendly investments; legal issues within entities, financial management and integrity, institutional capacity at the design, appraisal and implementation phases, or risk assessment capacity. To overcome these gaps at the international level, scaling up and coordinating financial resources to support capacity-building initiatives have appeared as a need. At the national level, better coordination among the national FPs across different ministries was underscored as being necessary.

156. Countries also highlighted similar issues under the framework of the long-term climate finance discussions, where they highlighted the need for “continued efforts from the funds to simplify accreditation procedures and access modalities, enhanced readiness of recipient countries, including adequate institutional capacities and financial governance and management systems, and improved communication between the funds and recipient countries. Furthermore, the need to enhance the role of the NDAs or FPs of the different Funds to ensure greater country-drivenness and coherence was highlighted.”²⁰⁴

157. Further, the global governance architecture,²⁰⁵ including the climate finance architecture is, at times, experienced by many as fragmented and inefficient. Countries often find it difficult to understand the requirements of the Funds and the differences between them, and to meet the access requirements established. However, the case of the LDCF shows that once access modalities are well established, the demand for finance considerably increases over time. It is thus congenial to continue to provide finance through proven access modalities and Funds in order to meet the special needs and circumstances of LDCs.

158. Efforts are underway to enhance coordination among the funds, as can be seen in chapter G of this paper. For example, the GCF secretariat has initiated a Readiness Coordination Mechanism (RCM), a group which consists of institutions providing dedicated readiness support to access GCF funding. Core members include the African Development Bank (AfDB), the Commonwealth secretariat, Deutsche Gesellschaft für Internationale Zusammenarbeit, KfW Development Bank, the UNEP, the United Nations Development Programme (UNDP) and the World Resources Institute (WRI), and in addition there are a number of observer institutions. The aim of the RCM is to strengthen coordination among readiness providers to avoid duplication of efforts and maximize collaborative opportunities to ensure harmonized

²⁰⁰ GEF IEO, Evaluation Of The Expansion Of The GEF Partnership - First Phase, 2016, page 4 and 6, paragraph 14: < <http://www.gefio.org/sites/default/files/ieo/evaluations/files/expansion-partnership-2016-phase-1.pdf>>.

²⁰¹ Ibid, page 4 and 6, paragraph 24.

²⁰² FCCC/CP/2016/6, page 17.

²⁰³ FCCC/SBI/2016/14.

²⁰⁴ FCCC/CP/2017/4, page 2.

²⁰⁵ Graham, Erin R. The Promise and Pitfalls of Assembled Institutions: Lessons from the Global Environment Facility and UNAIDS. Global Policy Volume 8 Issue 1 February 2017: < <http://onlinelibrary.wiley.com/doi/10.1111/1758-5899.12359/full>>.

approaches at the country level and globally. It is expected that these efforts will also make a significant contribution to enhancing access, as procedures become streamlined and coordinated.

D.2. Timeliness and rate of disbursement

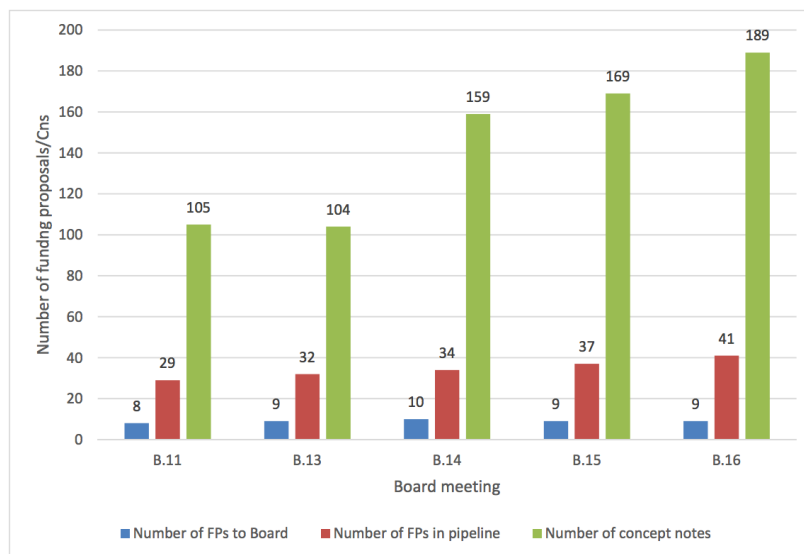
159. An element of effectiveness is the time taken to develop, approve and begin implementation of projects funded through the operating entities. This relates to the speed at which access to climate finance is provided to the “end user” or intended beneficiary.

160. For projects seeking approval at the GCF, there are no fixed timelines or standards, and practices are set to change as modifications are brought to the initial approvals process to respond to the rapidly increasing pipeline. Figure 9 shows trends in submissions and approvals as well as a snapshot of current pipelined projects.²⁰⁶

161. Experience by the secretariat and GCF Board points to the need for increased efficiency in pipeline management: “The current processes of second-level due diligence require increased efficiency at the secretariat level, while the AEs need more information regarding the documentation required. To facilitate this process, the secretariat is currently revising concept note and funding proposal templates as well as the structure and format of the secretariat’s assessment, including more clarity on the expected level of documentation to complete its second - level due diligence and ensure the high quality of proposals to be submitted to the Board. The processing time varies greatly, depending on the response time from both the secretariat and the AEs, and can take between one month to 18 months or more. In most cases, the length of the response time is linked to the lack of information/analysis/documentation provided in the funding proposal or differing views on technical aspects between the secretariat and the AEs.”²⁰⁷

Figure 9

Proposals for consideration relative to GCF pipeline as at Board seventeenth (July 2017)



162. Regarding time spent by each project in the pipeline, average times for approval at the GEF were reduced since GEF-4 and GEF-5, with only a marginal minority of projects not meeting the 18-month maximum. The 2016 Annual Portfolio Monitoring Review notes that “A large number of GEF-5 overdue

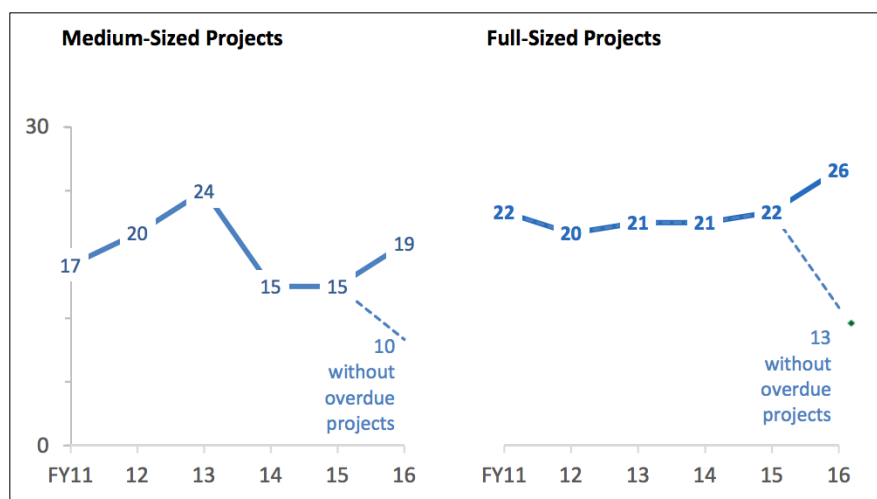
²⁰⁶ GCF document GCF/B.17/18, page 3

²⁰⁷ GCF document GCF/B.17/18, paragraph 27.

projects (90% of FY16 endorsed/approved projects) were submitted in FY16 to meet the one-time cancellation deadline of June 30, 2016. Therefore, the average time between project identification form approval and CEO endorsement/approval has significantly increased in FY16. In the graphs, the dashed lines show the trends without GEF-5 overdue projects.” Trends in approval timelines are indicated in the Figure 10.²⁰⁸

Figure 10

Average time (months) between project identification form approval and CEO endorsement/ approval



163. This also applies to the LDCF and SCCF. As noted in the Annual Monitoring Review (AMR) of the LDCF and SCCF (2016), “the standard for the time elapsed between Council Approval of a project identification form for an FSP, and CEO endorsement of a fully developed project was set at 18 months (...). During the GEF-5 period, the LDCF/SCCF Council approved 110 FSPs under the LDCF. As at May 1, 2017, 107 of these projects had been endorsed; 40 of them, or 41 per cent, within the 18-month standard. The average preparation time for the endorsed LDCF projects was 20 months and has continued to improve in the second half of GEF-6 due to effective implementation of refined project cycle policies. Three projects had yet to be endorsed as at May 1, 2017. Under the SCCF, the LDCF/SCCF Council had approved 42 FSP during GEF-5, including three FSPs that form part of three programmatic approaches. As at May 1, 2017, 40 projects had been endorsed; 16 of them, or 43 per cent, within the 18-month standard. The average preparation time for the endorsed SCCF projects was 20 months.”²⁰⁹ In most instances, however, countries already benefit from project approvals before CEO endorsement, given that project preparation activities carried out ahead of CEO endorsement include, inter alia, stakeholder consultations with local communities and related measures such as sustainability and finance strategy development, as appropriate.

164. Moving from approvals to disbursement, the expert inputs to the fifth review of the Financial Mechanism noted that once project approval has been secured by the GEF, there was an average of two years before first disbursement.²¹⁰ A study undertaken by the GEF secretariat in 2016 found that for projects “that were CEO Endorsed/Approved in GEF-5 (FY11- FY14 (...)) within one year the first disbursement rates (the percentage of endorsed/approved projects that get disbursed in a certain period of time) for MSPs are slightly higher than for FSPs: 75 versus 69 percent. The first disbursement rates of MSPs and FSPs are the same: 81 percent. These rates increase to 89 percent for FSPs and 88 percent for

²⁰⁸ GEF document GEF.C.51.03, page 4.

²⁰⁹ GEF document GEF/LDCF.SCCF.22/04, paragraph 52.

²¹⁰ SCF/TP/2014/1, paragraph 124.

MSPs after two years from the endorsement/approval.” Therefore, at the end of GEF-5, an estimated 11 percent of projects had not achieved first disbursement after 2 years following approval. The rates vary according to agency, and “UN Agencies tend to have faster first disbursement rates in comparison with MDBs/IFIs (except for the European Bank for Reconstruction and Development (EBRD))”, mostly owing to different internal approvals and effectiveness procedures.²¹¹

165. The fifth review of the Financial Mechanism also noted that average times to first disbursement did not vary much according to country income levels (9.2 months for low income countries, and 8.6 for higher income countries). Reasons cited by the GEF Agencies for delays beyond one year included “lengthy government approval process, prolonged recruitment process, and executing agency issues.”²¹²

166. The rate of disbursement at the GCF is beginning to increase, with an estimated 47.6 million USD disbursed for 8 projects, as of July 31, 2017.²¹³ This relatively low figure is due to the fact that, until recently, a number of conditions remained unfulfilled for projects to become effective, including the signing of AMAs and other legal conditions.²¹⁴ However, according to the GCF secretariat’s latest report to COP, as of July 31, 2017, AMAs had been signed with 28 of the 54 entities accredited to the GCF. Out of the 43 projects and programmes approved, Funded Activity Agreements for 18 projects had been signed. As for readiness funding, as of July 31, 2017, USD 38.5 million had been approved for 118 readiness requests from 87 countries and USD 4.3 million had been expended on readiness events. Legal arrangements had been completed for 89 of the approved readiness proposals, either in the form of bilateral grant agreements or under the GCF framework agreement with multilateral agencies and USD 9 million had been disbursed for 66 readiness requests.

D.3. Country-ownership of projects and programmes

167. Measures to ensure ownership at the GCF follow a similar path as those put in place by the GEF. The Governing Instrument recognizes country ownership as a core principle for the GCF, and indeed requirements for documenting this country ownership are integrated in the templates and requirements for projects and programs.²¹⁵ Elements of country ownership indicated in the initial investment framework include the degree to which the “Programme or project contributes to country’s priorities for low emission and climate-resilient development as identified in national climate strategies or plans, such as NAMAs, NAPs or equivalent, and demonstrates alignment with technology needs assessments, as appropriate” and the “Degree to which the activity is supported by a country’s enabling policy and institutional framework, or includes policy or institutional changes.”²¹⁶

168. In this regard, the NDAs play a key role in ensuring ownership, by recommending “to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes.” For projects not emerging directly from the NDA, it is understood that they must be “consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.”²¹⁷ NDAs also “facilitate the communication of nominations of entities to the Fund; seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies; and act as the FP for Fund communication.”²¹⁸ DAEs seeking accreditation to the GCF must seek no-objection letters

²¹¹ GEF document GEF/C.50/INF.05, pages 4–5.

²¹² GEF document GEF/C.50/INF.05, page 6.

²¹³ FCCC/CP/2017/5.

²¹⁴ GCF document GCF/B.17/09, paragraph 21.

²¹⁵ GCF Governing Instrument, paragraphs 3 and 31 and GCF document GCF/B.09/23, Annex 2.

²¹⁶ GCF document GCF/B.09/23, Annex 2, page 29.

²¹⁷ GCF Governing Instrument, paragraph 46.

²¹⁸ GCF Board decision B.04/04, as quoted in GCF/B.14/05/Rev.01.

from the NDA and any project proposal must be accompanied by a No-Objection letter from the NDA prior to being considered by the Board.²¹⁹

169. Guidelines for country ownership were initially discussed at the fourteenth Board meeting, and was subsequently taken up by the seventeenth Board meeting.²²⁰ The GCF Board adopted the guidelines for enhanced country ownership and country drivenness enjoining NDA, AE and delivery partners to follow the guidelines. The guidelines will be assessed annually and reviewed as needed at least every 2 years. The guidelines provide options for the strengthening of country ownership through the formulation of country programmes, as well as through integration in the GCF's modalities. "The principle of country ownership will be considered in the context of all GCF operational modalities and relevant related policies including the Readiness and Preparatory Support Programme and the Project Preparation Facility, the Proposal Approval process, including the simplified approval process, as well as the Accreditation process, recognising that country ownership is a continual process. NDAs/FPs have a key role in these processes in a way which builds national and institutional capacity and facilitates engagement with relevant stakeholders."²²¹

170. The GCF also provides support to capacitate NDAs and FPs, including through the Readiness Programme. "The GCF Readiness Programme is a funding programme to enhance country ownership and access to the Fund. The Programme provides resources for strengthening the institutional capacities of NDA or FPs and DAEs to efficiently engage with the Fund. Resources may be provided in the form of grants or technical assistance. All developing countries can access the GCF Readiness Programme, and the Fund aims for a floor of 50 percent of the readiness support allocation to particularly vulnerable countries, including LDCs, SIDS, and African States." The Readiness program provides up to 1 million USD per year to support NDAs and up to 3 million USD per country for the formulation of adaptation plans.²²² As at 31 July 2017, a cumulative amount of USD 42.8 million had been committed or spent. USD 38.5 million had been approved for 118 readiness requests from 87 countries. Of the 87 countries, 60 were SIDS, African States and the LDCs.

171. Country ownership of projects and programs financed through the GEF, LDCF and SCCF is ensured in multiple manners. First, the GEF operates through a network of political and operational FPs. The Operational Focal Point (OFP) coordinates all GEF-related activities within a country. The OFP reviews project ideas, checks against eligibility criteria and ensures that new project ideas will not duplicate an existing project. The FP also ensures that project proposals are consistent with national priorities. Projects cannot be submitted to the GEF without the clearance and endorsement of the OFP.²²³ Second, the project review process requires a demonstration of how funding requests are "consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions."

172. Further efforts are being made at the national level to facilitate the identification of programming opportunities in a country-owned, coordinated and participatory manner. Country Support Programmes, managed by the secretariat, provide support for the organization of National dialogues, ECW and Constituency Meetings. These, combined with the effects of the STAR on predictability of resource availability for programming, support increased ownership. The GEF IEO, for example, finds in the GEF OPS6, that the STAR allocation system continues to provide "some GEF resources to all countries,

²¹⁹ GCF Board decision B.08/10 Annex XIII.

²²⁰ GCF document GCF/B.16/24, paragraph 150. Also refer GCF document GCF/B.17/14.

²²¹ GCF document GCF/B.17/14 paragraph 8.

²²² <<https://www.greenclimate.fund/how-we-work/empowering-countries>>.

²²³ See for example GEF document GEF/C.50/08/Rev.01.

resulting in increased country ownership, enhanced transparency in resource allocation, and improved project preparation.”²²⁴

173. Countries can also access financial support for the organization of NPFES. All these initiatives are meant to foster dialogue among the GEF stakeholders at national level, and to foster collaboration.²²⁵ In 2013, the GEF IEO undertook a mid-term evaluation of the NPFE, then in its 3rd year of implementation. Despite delays in uptake of the exercise, the evaluation found that “the NPFE initiative enhanced country ownership through consultations with a wide range of stakeholders and through the creation of national steering committees to provide a broader decision-making and coordinating structure for GEF programming”²²⁶ and that it helped shift the responsibility of identifying and promoting programming ideas from GEF Agencies back into the hands of recipient countries.²²⁷ The evaluation found that NPFES delivered their full potential in countries where stakeholders had a minimal level of familiarity with the GEF and its procedures.²²⁸ To date, 30 countries have accessed resources (up to USD 30,000) from the GEF to undertake NPFES

174. With a gradual shift towards programmatic approaches, seen for example through the Integrated Approach Pilots under GEF-6, questions related to national and local ownership will remain front and centre of discussions. The GEF’s IEO found, in a 2016 evaluation of programmatic approaches, that country programs experience more ownership than regional ones, because they tend to be more closely aligned to national policy priorities. Regarding the expansion of the GEF partnership, “The OFPs of recipient countries that have an accredited national Agency opine that the recent expansion has contributed to increased country ownership. Other OFPs have mixed opinions on the topic.”²²⁹ Finally, findings from the evaluation of the LDCF, which are also relevant to other areas of programming within the GEF point to the need to integrate climate change concerns into national policies in order to ensure continued ownership of programming results.²³⁰

D.4. Sustainability of funded projects and programmes

175. Even if many of the GCF funded projects and programs are only beginning implementation or have yet to begin implementation, there are guiding principles that aim to ensure sustainability of the GCF projects. For example, sustainability is a key aspect of the paradigm shift potential under the GCF investment framework criteria²³¹ and sustainability is defined therein: “Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment.” In addition, the GCF is actively seeking to finance projects that are scaled up from initial investments from the GEF and others. For example, the GEF approved in April 2017 a mitigation project called GEEREF Next, which builds on the success of its predecessor fund, the Global Energy Efficiency and Renewable Energy Fund. Catalysed

²²⁴ Sixth Comprehensive Evaluation of the GEF: Update and Synthesis, Technical Brief, page 4: < <https://www.gefio.org/sites/default/files/ieo/signposts/files/ops6-1st-report-brief.pdf>>.

²²⁵ See for example GEF document GEF/C.47/08

²²⁶ GEF IEO, Midterm Evaluation of the National Portfolio Formulation Exercise, 2014. page 4: < <http://www.gefio.org/sites/default/files/ieo/evaluations/npfe.pdf>>.

²²⁷ Ibid, page 3.

²²⁸ Ibid, page 5.

²²⁹ GEF IEO, Sixth Comprehensive Evaluation of the GEF, Evaluation of the Expanded Partnership, Technical Brief, page 3: <<http://www.gefio.org/sites/default/files/ieo/evaluations/files/expansion-partnership-2016-phase-1.pdf>>.

²³⁰ GEF IEO, Program evaluation of the LDCF, 2016, page 39: < <http://www.gefio.org/evaluations/least-developed-countries-fund-ldcf-2016>>.

²³¹ GCF document GCF/B.09/07, annex II.

by the GCF funding, GEEREF NeXt will offer risk-averse private investors a broad diversification of capital across different projects and technologies in developing countries.²³²

176. The GEF defines sustainability as the maintenance of the benefits of the project and programs beyond the life of the intervention. Elements that contribute to sustainability include avenues and the likelihood of upscaling (e.g. results are replicated more widely); increased capacity of governments and stakeholders, and mainstreaming of relevant practices into wider policies and regulations. The GEF does not have a formally established definition of sustainability, however, the initial criteria for project evaluation mention “Sustainability of outcomes and results beyond completion of the intervention” as linked to the creation of an enabling environment.²³³

177. The fifth review, based on the OPS5, found that 70% of 298 projects (2006–2013) were rated moderately satisfactory or higher, in terms of sustainability. The GEF OPS6 considers various aspects of the sustainability of GEF-supported projects and programs in all focal areas including in the climate change focal area as well. Additional evaluative evidence on the sustainability of adaptation-related initiatives is found in the 2016 LDCF evaluation and the 2017 SCCF evaluation. For the GEF overall, “Seventy-nine percent of 581 projects from the OPS6 cohort have satisfactory outcome and implementation ratings.”²³⁴ For the Climate Change Focal Area, this rating is 77%, and 68% of projects under the GEF-6 cohort exhibit sustainability ratings of moderately likely or higher.²³⁵

178. The evaluation found that “By theme, projects with biomass, energy efficiency, and adaptation components had higher sustainability ratings on average; projects with transport and renewable energy had lower sustainability ratings”,²³⁶ and noted that “Recent evaluations of GEF CCM activities have found evidence of significant impacts in countries with some of the largest GEF climate change portfolios, as well as evidence of transformational projects in the climate change focal area.”²³⁷ The OPS6 also notes that “Projects implemented under programs have higher performance ratings on outcomes and sustainability as compared with stand-alone projects.”²³⁸

179. Regarding the sustainability of adaptation results supported through the LDCF and SCCF, a quality at entry analysis of 116 CEO-approved projects found that “over 98 percent of NAPA implementation projects had a high to very high probability of delivering tangible adaptation benefits” and that “8 of the 11 completed projects (...) received ratings in the likely range.”²³⁹

180. The analysis of evaluative evidence shows that “the main area of potential concern is the financial sustainability of project activities beyond the scope of project-related funding. Even projects receiving moderately likely or likely ratings in terms of their financial sustainability cite a lack of assured financing in future phases of project implementation as an issue. Terminal evaluations recommend that projects identify and implement self-funding mechanisms in order to move beyond the need for project-specific funding that is not assured into the future. Two other issues raised repeatedly in terminal evaluations relate to integrating climate change adaptation with national policies and programs (institutional sustainability), and the need for country ownership to ensure sustainability (socio-political sustainability).”²⁴⁰

²³² More information available at: <<https://www.greenclimate.fund/-/geeref-next?inheritRedirect=true&redirect=%2Fwhat-we-do%2Fprojects-programmes>>.

²³³ GCF document GCF/B.09/23, page 27.

²³⁴ GEF IEO Briefing Sixth Comprehensive Evaluation of the GEF: Update and Synthesis March 2017, page 2

²³⁵ GEF IEO, Climate Change Focal Area Study, Technical Brief, page 4

²³⁶ Ibid.

²³⁷ Ibid.

²³⁸ GEF IEO Briefing Sixth Comprehensive Evaluation of the GEF: Update and Synthesis March 2017, page 2

²³⁹ GEF IEO, Program evaluation of the LDCF, 2016, page 39

²⁴⁰ Ibid.

181. For projects supported through the SCCF, results in terms of sustainability were also found to be positive, for those projects that were ending implementation: “no projects were assessed as having outcomes that were ‘unlikely’ to be sustainable, and only 3 projects were rated as ‘moderately unlikely’ (...) Across those (...) a common theme was the lack of weakness of sustainability-focused planning within the original design documentation.”²⁴¹ Among the key factors of sustainability success, evaluation reports noted “The most common factor was the strength of national frameworks and institutions, and the extent to which these structures were already geared towards climate change and adaptation.”²⁴²

D.5. Enabling environments

182. As for the GCF’s contribution to enabling environment, as noted above, it is inscribed as part of the investment framework and closely linked to the prospects of achieving sustainability of impact and as a key manner in which to achieve a paradigm shift.²⁴³ This includes programming towards the following elements:

- (a) Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention
- (b) Creation of new markets and business activities at the local, national or international levels
- (c) Changed incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions
- (d) Assistance to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme
- (e) Advancing the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development
- (f) Shifting incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national level.²⁴⁴

183. Furthermore, the GCF is working with countries on enabling environments also through the funding of readiness requests and NAPs/adaptation planning. The COP, by decision 1/CP.21, paragraph 46, requested the GCF Board to expedite support for the LDCs and other developing countries for the formulation of NAPs, consistent with decisions 1/CP.16 and 5/CP.17, and for the subsequent implementation of policies, projects and programmes identified by them. In response to this guidance, the Board established a separate activity area under the Readiness Programme for the formulation of NAPs, and delegated authority to the Executive Director to approve up to USD 3 million to support the formulation of NAPs and other national planning processes, taking into consideration the UNFCCC NAP technical guidelines and the importance of coordination and complementarity with other NAP-related initiatives and support. As at 31 July 2017, the GCF had approved 3 proposals and had received NAP proposals from 26 additional countries.

184. The element of effectiveness, closely connected to sustainability and the likelihood of maintained impact, is the extent to which climate-financed programming leads to the creation or strengthening of enabling environments. Enabling environments are defined as: policies and regulatory frameworks, enhanced governance and capacity-building that will enable low carbon and climate resilient development and scale up climate action with private sector / CSO participation. Under the UNFCCC process, it is notable that discussion on the enabling environments is held under the long-term climate finance process, focusing on facilitating mobilization and effective deployment of climate finance in developing countries.

²⁴¹ GEF IEO, program evaluation of the SCCF, 2016, paragraph 131.

²⁴² Ibid, paragraph 132.

²⁴³ GCF document GCF/B.09/07, page 11.

²⁴⁴ GCF document, GCF/B.09/23, page 27.

185. The 2014 report on Long Term Finance notes that it is primarily governments, in both developed and developing countries, that set the enabling environments as they relate to policy and regulatory frameworks – both enabling environments for mobilizing climate finance in developed countries and enabling environments for effectively facilitating the mobilization and deployment of climate finance in developing countries.²⁴⁵ However, much of the programming delivered through existing climate finance mechanisms aim to strengthen governments’ capacities to achieve this objective.

186. According to the GEF, it plays a unique role in several ways to have a long-lasting impact on the enabling environment in recipient countries, including:²⁴⁶

- (a) Early policy lock-in and regulatory reform to support governments in catalysing partners to invest in low-emission, climate-resilient technologies;
- (b) Demonstrating innovative technologies and business models, with a view to unlock the market for low-emission, climate-resilient technologies or enable partners to conduct large-scale replication;
- (c) Strengthening institutional capacity and decision-making processes at the sub-national, national and regional level to improve information, participation, and accountability in public and private decisions that enable partners to design and implement low-emission, climate-resilient plans and policies;
- (d) Building multi-stakeholder alliances to develop, harmonize, and implement sustainable practices to pursue integrated approaches that further the global commons through the promotion of synergies amongst sectors and the delivery of multiple benefits; and
- (e) De-risking partner investments by applying guarantees and equity instruments to re-direct private sector investments into low-emission, climate-resilient business models.

187. One of the key objectives of the GEF-6 CCM Focal Area is to foster enabling conditions to mainstream mitigation concerns into sustainable development strategies (CC3). Recent findings from the OPS6 on the Climate Change Focal Area notes that GEF projects play “An important role in strengthening the enabling environment for scaling-up climate investments. GEF climate change projects have frequently focused on developing and proposing legal and regulatory measures to address CCM (84 percent of projects reviewed), public and private sector capacity building (76 and 80 percent, respectively), and reducing information barriers and supporting market change through raising awareness of key stakeholder groups (98 percent). The GEF is sometimes the first to tackle policy barriers as a key cornerstone of the enabling environment.”²⁴⁷

188. Furthermore, GEF support to NCs and BURs also contribute to building capacity for setting the enabling environment. In addition, the CBIT also focuses on institutional and technical capacity of developing countries to meet the enhanced transparency requirements of the Paris Agreement. Further information on capacity building support provided by the GEF is included under chapter E.4.

E. Results and impacts achieved with the resources provided

189. This chapter focuses on the impacts and results achieved through the resources provided through the operating entities and, to a certain extent, through resources leveraged outside the Convention processes. Because the GCF resources are just beginning to be programmed, it is too soon to discuss tangible impacts and results, but expectations can be derived from the current portfolio of approved and pipelined projects.

²⁴⁵ FCCC/CP/2014/3, paragraph 26.

²⁴⁶ GEF, Guidance From The Conference Of The Parties And Responses By The Global Environment Facility COP 1 – COP 21, paragraph 51: <
https://www.thegef.org/sites/default/files/publications/GEF_UNFCCC%20COP%20Guidance2016_r2.pdf>.

²⁴⁷ GEF IEO, Evaluation of the Climate Change Focal Area, 2017, Technical Brief, page 2.

Insights from this chapter may be useful in deliberating the effectiveness of the activities funded by the Financial Mechanism of the Convention.

E.1. Results and impacts achieved in mitigation

190. The GEF reports that, as at June 30, 2017, it had “supported 867 projects on CCM with over USD 5.3 billion GEF funding in more than 165 countries (...). To date, the GEF has also supported 353 enabling activities, including NCs and BURs as countries’ obligation under the Convention, with USD 445.5 million in funding from the GEFTF.”²⁴⁸ In addition, “Twenty CCM projects were approved in FY 2017 through the SGP, with grant funding amounting to USD 603,516. According to the SGP Annual Monitoring Report 2015–2016 , 848 SGP CCM projects were active in the reporting period, with total GEF investment of USD 29.06 million”²⁴⁹

191. According to the GEF secretariat, the total cumulative emissions benefit of all GEF projects supported through the GEF Trust Fund is estimated to be over 8,400MtCO₂ eq, with the distribution across GEF phases as illustrated in Table 9 below. “In the first three years of GEF-6, projects and programs are estimated to reduce more than 1,920 Mt CO₂ eq, thus exceeding the GEF-6 target GHG emission reduction goal of 750 Mt CO₂ eq.”²⁵⁰ Table 10 illustrates the expected mitigation benefits of projects approved in 2017.

Table 9

Distribution of estimated GHG benefits across GEF replenishment cycles

Phase	Estimated GHG benefit (MtCo2 Eq.)
Pilot phase	88
GEF-1	440
GEF-2	578
GEF-3	1448
GEF-4	1940
GEF-5	2000
GEF-6 (partial)	1,920

²⁴⁸ FCCC/CP/2017/7, paragraph 76.

²⁴⁹ Ibid, paragraph 100.

²⁵⁰ Ibid, paragraph 84.

Table 10
**Emissions reductions expected from projects approved by the GEF in FY
 2017**

Type of Projects and Programs	Total Emission Reductions (Mt CO ₂ eq)
Technology Transfer/ Innovative Low Carbon Technology	0.96
Energy Efficiency	11.75
Renewable Energy	1.00
Urban/Transport	1.71
AFOLU	32.89
Mixed/others	7.63
Total	55.94

192. The OPS5 noted that emissions reductions expected from the projects with explicit emissions targets was 10.8 billion tons. The GEF OPS6, in its climate Change Study, notes that a significant majority of projects under the CCM focal area have ratings in the satisfactory range and that sixteen of the 18 projects assessed in China, India, Mexico, and Russia resulted in significant direct GHG emissions reduction impact; of these, four dominated in terms of making significant contributions to GHG avoidance, three of which were in China.²⁵¹

193. In 2014, during OPS5, the GEF Evaluation office calculated that the “median and average cost per ton of direct mitigation across all GEF project types is \$5.8 and \$1.2 per tCO₂eq, respectively”.²⁵² For the GEF-6 period, partially estimated benefits of 1,920 MtCO₂ were achieved with GEF funding of USD 1,174.2 million, which would indicate an average cost of \$0.61/tCO₂eq and median value of \$1.30/tCO₂eq.; counting co-financing of 11.552.3 million mobilized for this portfolio, the average cost would be 6.63/tCO₂ eq.²⁵³

194. In November 2014, the GEF secretariat, in cooperation with the Scientific and Technical Panel, reviewed its GHG accounting methodologies. The Guidelines for Greenhouse Gas Emissions Accounting and Reporting for GEF Projects present the results of this exercise and propose additional guidance for various themes tackled by GEF programs, including methodologies for calculating indirect emissions reductions.²⁵⁴ The methodologies were also harmonized with those of MDBs and international financing institutions participating in the GEF, through the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting exercise.²⁵⁵

²⁵¹ GEF IEO, Climate Change Study 2017, Technical Brief, page 2

²⁵² GEF IEO, OPS5 Technical Document # 20: GEF Climate Change Mitigation GHG Analysis, page 12

²⁵³ Preliminary data assessment, GEF Secretariat, September 5, 2017.

²⁵⁴ GEF document GEF/C.48/INF.09.

²⁵⁵ <<https://www.thegef.org/topics/greenhouse-gas-ghg-accounting>>.

195. As noted in earlier chapters, the GCF has approved, as at July 2017, 43 projects; 41% of committed resources for projects are for climate mitigation projects and 32% tackle both mitigation and adaptation objectives. From these 43 projects, it is anticipated that an estimated 981 million tons of Carbon would be avoided or sequestered.²⁵⁶

196. In addition, the current pipeline is comprised of 58 public - and private - sector funding proposals, which request a total GCF funding of USD 3.4 billion.²⁵⁷ The GCF estimates the climate impact potential of this pipeline to be “552 million tonnes of carbon dioxide equivalent reduced or avoided over the lifetime of the proposed activities, and 87 million people that are projected to benefit from reduced vulnerability and/or increased resilience.”²⁵⁸

E.2 Results and impacts achieved in adaptation

197. The GEF, LDCF and SCCF have supported efforts to adapt to climate change and to strengthen resilience of communities and ecosystems. Since the completion of programming under the Strategic Priority on Adaptation, a pilot 50-million allocation of funds from the GEFTF to support adaptation, all adaptation funding is channelled through the LDCF and SCCF.

198. The fifth review of the Financial Mechanism noted the fact that projects financed through the LDCF reflected the priorities identified in NAPAs. The GEF now also supports the preparation of NAPs through the LDCF and the SCCF. “Total funding from the LDCF towards the LDCs’ NAP processes amounts to USD 41.7 million as of June 30, 2017.” This amount comprises projects that are explicitly devoted, as the sole project objective or through dedicated components, to enhancing a country’s NAP process” .²⁵⁹

199. From its inception to June 30 2017, the LDCF approved USD 1,175.2 million has been for projects, programs, and enabling activities. This included the preparation of 51 NAPAs, all of which have been completed, and the approval of 197 subsequent NAPA implementation projects. “The LDCF support for approved CCA projects and programs currently totals USD 1,163 million and it mobilized USD 4.5 billion in co-financing. As at June 30, 2017, cumulative pledges to the LDCF amounted to USD 1.23 billion, of which USD 1.19 billion have been received.” For the SCCF, as at June 30, 2017, the GEF, had provided “USD 287.9 million for adaptation projects. Sixty-six projects were approved for funding, mobilizing nearly USD 2.3 billion in co-financing. The SCCF-B (technology transfer window) has provided USD 60.7 million for twelve projects that support technology transfer, mobilizing USD 382.3 million in co-financing.”²⁶⁰

200. In terms of adaptation results through the LDCF, the FY 2016 AMR of the LDCF and the SCCF provides information on 79 active projects under the LDCF. It notes that the majority of projects obtain ratings above Moderately Satisfactory. “As at June 30, 2016, the 79 projects contained in the active LDCF portfolio have already reached more than 4.4 million direct beneficiaries and trained some 340,000 people in various aspects of CCA. Through these 79 projects, an estimated 1.1 million hectares of land have also been brought under more resilient management. Moreover, 51 national policies, plans or frameworks in 15 LDCs have been strengthened or developed to better address climate change risks and adaptation, while 33 projects have enhanced climate information services in 32 countries.”²⁶¹

201. The 2017 Program evaluation of the SCCF found the Fund to have delivered significant results in terms of catalytic effect, generation of public goods and demonstration of technologies, across the portfolio.

²⁵⁶ <<http://www.greenclimate.fund/what-we-do/portfolio-dashboard>>.

²⁵⁷ GCF document GCF/B.17/09, Status of the pipeline, paragraph 2.

²⁵⁸ Ibid.

²⁵⁹ FCCC/CP/2017/7, paragraph 126.

²⁶⁰ Ibid, paragraph 109.

²⁶¹ Ibid, paragraph 116.

The analysis also showed that the contribution of SCCF projects to Global Environmental Benefits was limited, except for the Sustainable Land Management thematic area, which is one that bears strongest linkages to adaptation. Fourteen percent of SCCF projects were found to have significant contributions to the promotion of low-carbon development pathways.²⁶²

E.3 Results and Impacts achieved in technology transfer

202. The GEF reports that technology transfer for climate adaptation and mitigation is a key cross-cutting theme for GEF programs. “The GEF-6 CCM Strategy for the period of July 2014 to June 2018 promotes the timely development, demonstration and financing of low carbon technologies and CCM options. The GEF supports the development, adoption and implementation of policies, strategies, regulations and financial or organizational mechanisms that accelerate CCM technology innovation and uptake.”²⁶³ Similarly, the RBM framework for the SCCF and LDCF includes climate-resilient technologies and practices adopted and scaled up as one of nine overarching outcomes. Furthermore, the entire GEF climate change portfolio can be characterized as supporting technology transfer as defined by the IPCC and by the technology transfer framework adopted by COP 7.²⁶⁴

203. In its most recent report to the UNFCCC, the GEF reports that “in the reporting period, for CCM, 19 projects with technology transfer objectives were approved with USD 111.7 million in GEF funding and USD 709.3 million in co-financing. For CCA, 24 projects to promote technologies for adaptation were approved with USD 165.9 million from the LDCF and SCCF, and USD 572.5 million of co-financing.”²⁶⁵

204. Since 2008, the Poznan Strategic Programme on Technology Transfer (PSPTT) was programmed with USD 35 million from the GEFTF and USD 15 million from the SCCF. This was used to support for TNAs and financing priority pilot projects on the transfer of environmentally sound technologies. The GEF channels its support to the CTCN through this financing. In 2015, the TEC submitted an evaluation of the PSPTT to the 43rd Subsidiary Body for Implementation (SBI). The SBI (...) encouraged the GEF to share the midterm evaluation of the climate technology transfer and finance centres and pilot projects under the program with the TEC and the CTCN.²⁶⁶

205. Projects currently supported by the GEF under the PSPTT include the regional and global initiatives listed in Table 11 below.²⁶⁷ The GEF also reports having approved new global initiatives including a project aiming to provide support for the Industrial Energy Efficiency Accelerator. At the national level, 11 projects are under implementation in “Cambodia, Chile, China, Colombia, Côte d’Ivoire, Jordan, Kenya, Mexico, Russian Federation, Sri Lanka, Swaziland and Thailand. The funding from the GEFTF and SCCF-B for these projects amounted to USD 49.4 million and USD 2.4 million, respectively, and the total co-financing amounted to USD 223.2 million and USD 5.7 million, respectively. (...) The technologies targeted by the endorsed projects address both CCM and CCA, and are diverse and innovative. They include technologies on renewable energy (solar, biomass, wind), energy efficiency (insulation materials, efficient and hydro-chlorofluorocarbon-free appliances), transport (“green” trucks), and composting. Membrane drip irrigation, flood and drought-resistant crops with sustainable land management practices were included as CCA-related technologies.”²⁶⁸ In the period 2016–2017, the GEF approved 16 climate mitigation national projects with technology transfer objectives, with USD 89.2 million in GEF funding and USD 681.2 million in co-financing. For climate adaptation, 24 national projects to promote

²⁶² GEF IEO, Program Evaluation of the SCCF, pages 45–50.

²⁶³ GEF-6 Programming Directions, page 60: <<https://www.thegef.org/sites/default/files/documents/GEF-6%20Programming%20Directions.pdf>>.

²⁶⁴ FCCC/CP/2017/7, paragraph 161.

²⁶⁵ Ibid, paragraph 153.

²⁶⁶ FCCC/CP/2016/6, paragraph 138.

²⁶⁷ Ibid, paragraph 154.

²⁶⁸ Ibid, paragraph 167–169.

technologies for adaptation were approved with USD 165.9 million from the LDCF and SCCF, and USD 572.5 million in co-financing.²⁶⁹

206. The terminal evaluation of the program of support to the development of TNAs,²⁷⁰ which has thus far supported 80 developing countries, found that “The positive achievements of the project include the fact that it successfully completed a process of providing assistance and support to 32 countries that submitted their reports: eleven countries in Africa and the Middle East, 13 countries in Asia and Eastern Europe, and eight in LAC.

Table 11

GEF projects for climate technology transfer and financing centres and the CTCN^a

Title	Region	Agency	GEF financing (USD million)		Co-financing (USD million)	Status
			GEFTF	SCCF		
Promoting accelerated transfer and scaled-up deployment of CCM technologies through the CTCN	Global	UNIDO	1.8	0	7.2	Under implementation
Pilot Asia-Pacific Climate Technology Network and Finance Center	Asia and Pacific	ADB/ UNEP	10.0	2.0	74.7	Under implementation
Pilot African Climate Technology Finance Center and Network	Africa	AfDB	10.0	5.8	89.0	Under implementation
Finance and Technology Transfer Center for Climate Change	Europe and Central Asia	EBRD	10.0	2.0	77.0	Under implementation
Climate Technology Transfer Mechanisms and Networks in LAC	LAC	IDB	10.0	2.0	63.4	Under implementation

^a Reproduced from the GEF report to COP 23.

207. In terms of adaptation technology, the GEF recognizes that “there has been a modest focus on technology transfer for adaptation,” despite technology transfer being an objective included in the adaptation results framework for the GEF, SCCF and LDCF.”²⁷¹ The SCCF Program Evaluation undertaken in 2017 notes that “adaptation-focused SCCF-A projects rarely contribute to SCCF-B (technology transfer-focused) outcomes.” Despite this difficulty, the GEF IEO, in its OPS5 noted that 42 of the 71 LDCF projects with relevant objectives contribute directly to technology transfer.

²⁶⁹ FCCC/CP/2017/7, paragraph 169.

²⁷⁰ UNEP, 2016, Terminal Evaluation: UNEP/GEF Project-Technology Needs Assessment Phase 1.

²⁷¹ FCCC/CP/2017/7, paragraph 164.

E.4 Results and Impacts achieved in Capacity Building

208. Capacity building is transversal to all projects supported through the GEF, LDCF and SCCF. The GEF reports that capacity building lies “at the core of all GEF programming”, and that most climate change related initiatives comprised of a combination of demonstration and institutional capacity.²⁷²

209. According to the GEF report to COP 23, “in the calendar year 2016, the GEFTF, LDCF and SCCF portfolios supported 135 (96 CCM and 39 CCA) stand-alone and MFA projects with various capacity-building priorities (...). The total GEF funding towards supporting these capacity-building activities in 2016 amounted to approximately USD 216.9 million. Of these activities, 48 projects provided support to 36 SIDS and LDCs with capacity-building activities amounting to USD 76.5 million.”²⁷³

210. The GEF OPS6 notes that “the GEF has had success in influencing the regulatory and policy framework in countries, including through capacity-building and enabling activities. Furthermore, the evaluation of the Climate Change Focal Area found that “80 percent of closed projects included activities focused on building private sector capacity, and a third of projects also provided direct assistance to support private sector entities (e.g., in piloting technologies).”²⁷⁴

211. Since the fifth Review, the Capacity Building initiative for Transparency (CBIT) was launched at COP 22 and was operationalized by the GEF. As at June 30, 2017, the CBIT Trust Fund had received pledges of USD 55.6 million. In its latest report to the COP, the GEF notes that “in the reporting period, ten national projects and one global project were approved, amounting to USD 12.7 million of CBIT funding and USD 14.8 million in co-financing.” The global project aims to establish a global coordinating platform to enable coordination, maximize learning opportunities and foster knowledge-sharing to facilitate transparency enhancements, while the national projects “respond to nationally identified priorities, and are thus specific to each country’s transparency-related capacity-building needs. In general, they all seek to enhance coordination at the national level, improve or further develop national MRV frameworks, and strengthen the institutional capacity for transparency-related activities. All projects have components on GHG inventories and transparency of CCM actions, and some have a sector-specific focus. In addition, some projects also include transparency of CCA actions and of support needed and received.”²⁷⁵

212. The GCF has not developed a dedicated approach or policy regarding capacity building. However, the GCF secretariat notes, in its report on the implementation of the strategic plan, that “specific measures were identified to promote the implementation of the operational priorities, including the development of country programmes and entity work programmes. Further, through the process of structured dialogues between NDAs/FPs, accredited entities (AEs) and the secretariat, determine which priorities identified by countries are the best match for GCF support.”²⁷⁶ As part of the programming process, the GCF supports countries and entities in “Identifying institutional needs to build and strengthen capacity.”

213. Capacity building is also a strong element of the readiness programme, in which the GCF supports countries and entities in accessing funds. The GCF is strengthening its support to countries in order to build their capacity for direct access. This includes “Capacities to identify the best national partners to execute projects, to develop bankable projects and programs, and to undertake financial management and good fiduciary practices, are to be developed”²⁷⁷.

²⁷² Presentation given by the GEF at the second meeting of the Durban Forum on Capacity-building (2013): https://unfccc.int/files/cooperation_and_support/capacity_building/application/pdf/df2cbm03.pdf.

²⁷³ FCCC/CP/2017/7, paragraphs 202–205.

²⁷⁴ GEF IEO, Climate Change Study, Technical Brief, page 3.

²⁷⁵ FCCC/CP/2017/7, paragraphs 138–140.

²⁷⁶ GCF document GCF/B.16/04/Add.01.

²⁷⁷ <http://www.asiapacificadapt.net/adaptationforum2013/sites/default/files/Eunhae%20Jung.pdf> .

F. Consistency of the Financial Mechanism with the objective of the Convention

214. This chapter examines how the resources provided by the operating entities contribute to achieving the objective of the Convention.

215. Article 2 of the Convention states that “the ultimate objective of this Convention and any related legal instruments that the COP may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.”

216. The fifth review of the Financial Mechanism noted that the provisions of the Convention were agreed upon to meet the objective of the Convention. Decisions taken by the COP hitherto, including initial and subsequent guidance on policies, programme priorities and eligibility criteria to the operating entities have been adopted with the same aim.²⁷⁸

217. Over the years, the operating entities have deployed programming priorities in response to guidance provided by the COP (see also chapter B), aligning themselves with the objective of the Convention, in terms of both emission reduction and adaptation. Table 12 describes the portfolio-level adaptation and mitigation goals, objectives, and operational principles for the two operating entities.

218. As noted in the fifth review of the Financial Mechanism, the objective of the Convention is embedded in the GEF programme priorities that are identified in the initial guidance from the COP and in further guidance provided thereafter.²⁷⁹ The MOU between the COP and the GEF Council states 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.”²⁸⁰

219. In terms of the GCF, consistency with the mitigation objective of the Convention is enshrined in its Governing Instrument and its strategic plan.²⁸¹ The Governing Instrument recognizes that the GCF will aim to make “a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change” and “contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change.” The Governing Instrument also notes that the Fund will promote paradigm shift towards low-emission and climate-resilient development pathways by providing support to adapt to the impacts of climate change.²⁸²

Table 12

Overview of adaptation and mitigation portfolio objectives of the operating entities

	GEF – LDCF and SCCF	GCF
<i>Adaptation</i>		
Goals/ Objectives	The goal of the GEF Adaptation Program is to increase resilience to the adverse impacts of climate change in vulnerable developing countries ^a Three strategic objectives: Reduce the vulnerability of people, livelihoods, physical assets and natural	To make a contribution to increased climate-resilient sustainable development ^b

²⁷⁸ SCF/TP/2014/1, paragraph 174.

²⁷⁹ SCF/TP/2014/1, paragraphs 175 and 176.

²⁸⁰ Annex to UNFCCC decision 12/CP.2

²⁸¹ GCF decision B.12/20. See also GCF document GCF/B.16/04.

²⁸² Governing Instrument for the Green Climate Fund, paragraphs 1 and 2.

	<p>systems to the adverse effects of climate change;</p> <p>Strengthen institutional and technical capacities for effective climate change adaptation;</p> <p>Integrate climate change adaptation into relevant policies, plans and associated processes</p>	
Operational Principles	<p>Pillar I: Integrating climate change adaptation into relevant policies, plans, programs and decision-making processes</p> <p>Pillar II: Expanding synergies with other GEF focal areas</p> <p>Gender Mainstreaming</p>	<p>Six investment criteria:</p> <p>Mitigation Impact potential</p> <p>Paradigm shift potential</p> <p>Needs of the recipient</p> <p>Country ownership</p> <p>Efficiency and effectiveness</p> <p>Sustainable development potential</p>
	<p>Support to the preparation of NAPs;</p> <p>Private sector engagement</p> <p>Risk transfer and insurance</p> <p>Ecosystem-based adaptation</p>	<p>Support to the preparation of NAPs;</p> <p>Private sector engagement</p> <p>The LDCs, the SIDS, African States adaptation priority (target of 25% of total portfolio)</p> <p>[From results management framework (B.07/04)]:</p> <p>Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions;</p> <p>Increased resilience of health and well-being, and food and water security;</p> <p>Increased resilience of infrastructure and the built environment to climate change threats; and</p> <p>Improved resilience of ecosystems</p>
<i>Mitigation</i>		
Goals/ Objectives	To support developing countries and economies in transition to make transformational shifts towards a low emission, resilient development path. ^c	To make a contribution to the shift to low-emission sustainable development pathways. ^d
Operational principles	<p>Promote innovation, technology transfer, and supportive policies and strategies;</p> <p>Demonstrate mitigation options with systemic impacts;</p> <p>Foster enabling conditions to mainstream mitigation concerns into sustainable development strategies</p>	<p>Six investment criteria:</p> <p>Mitigation Impact Potential</p> <p>Paradigm shift</p> <p>Needs of the recipient</p> <p>Country Ownership</p> <p>Efficiency and Effectiveness</p> <p>Sustainable Development potential</p>
	<p>- 5 eligible programs:</p> <ol style="list-style-type: none"> 1. Promote timely development, demonstration and financing of low-carbon technologies and mitigation options 2. Develop and demonstrate innovative policy packages and market initiatives to foster new 	<p>[From results management framework (B.07/04)]^e:</p> <p>Low-emission energy access and power generation;</p> <p>Access to low-emission transport;</p> <p>Energy-efficiency in buildings, cities and industries;</p> <p>Sustainable land use and forest</p>

	<p>range of mitigation actions</p> <ol style="list-style-type: none"> 3. Promote integrated low emission urban systems 4. Promote conservation and enhancement of carbon stocks in forest, and other land use, and support climate smart agriculture 5. Integrate findings of Convention obligations enabling activities into national planning processes and mitigation contributions <p>- CBIT</p>	<p>management, including REDD-plus</p>
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^a GEF document GEF/LDCF.SCCF.16/03/Rev.01.

^b Annex III to GCF document GCF/B.09/23.

^c GEF-6 CCM Strategy and GEF document GEF/A.5/07/Rev.01.

^d As footnote 91 above.

^e GCF decision B.07/04, paragraph (b)(ii)(2).

F.1 Adaptation

220. Article 4 of the Convention states that Parties should “cooperate in preparing for adaptation to climate change” and that “the developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.” The operating entities have integrated these objectives into their strategies and programmatic frameworks for adaptation.

221. The GEF strategy for adaptation (see Table 12 above) was developed to guide the operationalization of the LDCF and the SCCF, through which the GEF channels adaptation-related funding. GEF programming priorities on adaptation have been guided by the objective of the Convention, according to the GEF: “the strategic thrust of GEF-financed climate change activities is to support sustainable measures that minimize climate change damage by reducing the risk, or the adverse effects, of climate change. The GEF will finance agreed and eligible enabling, mitigation, and adaptation activities in eligible recipient countries.”²⁸³

222. As set forth in the GEF adaptation strategy, the goal of the LDCF is to “support developing countries to increase resilience to climate change through both immediate and longer term adaptation measures in development policies, plans, programs, projects and actions.” The SCCF promotes the same objective but “may finance a wide range of concrete adaptation measures, which may include longer term time horizons. Projects have the option to focus on long-term planned response strategies, policies, and measures, rather than short-term activities.”

223. In terms of progress towards the achievement of the objective of the Convention, the GEF reports that it has provided over USD 1.5 billion in grant financing for 325 adaptation projects through the LDCF and SCCF. These projects are expected to directly reduce the vulnerability of at least 20 million people.²⁸⁴ Key expected benefits from these projects include the provision of expanded access to climate information services (75 LDCF projects and 30 SCCF projects) and climate related early warning information (57 LDCF projects and 14 SCCF projects), as well as the development of over 1,869 sub-national plans and processes related to adaptation (through both LDCF and SCCF).²⁸⁵ Key expected results for the SCCF

²⁸³ Ibid.

²⁸⁴ GEF/LDCF.SCCF.22/03/Rev.01, page 1 and see also <<http://www.thegef.org/topics/climate-change-adaptation>> and: GEF. Time to Adapt: Insights from the Global Environment Facility’s Experience in Adaptation to Climate Change: <https://www.thegef.org/sites/default/files/publications/GEF_Adaptation2016_final_0_0.pdf>.

²⁸⁵ GEF/LDCF.SCCF.22/03/Rev.01, pages 11 and 21.

include Furthermore, the GEF also reports that all countries have received support to meet their planning commitments under the Convention, namely for the development of NAPAs and other enabling activities.

224. The GCF programming related to adaptation is expected to make a strong contribution to reducing vulnerability and increasing resilience, with so far an estimated 128 million people benefiting from adaptation-related project interventions (through 43 projects)²⁸⁶ and an estimated 44 per cent of approved funding dedicated for adaptation projects. The pipeline of projects, as it stood at the sixteenth Board meeting, was expected to reduce the vulnerability or increase the resilience of 218 million people.²⁸⁷

F.2 Mitigation

225. As set forth in Article 11, the role of the Financial Mechanism of the Convention is to support the achievement of the objective of the Convention through the “provision of financial resources on a grant or concessional basis, including for the transfer of technology.”

226. As context, according to the summary for policymakers in the contribution of Working Group III to the Fifth Assessment Report of the IPCC,²⁸⁸ global emissions in 2010 were approximately in the order of 49 Gt CO₂ eq. At COP 21, Parties noted with concern that estimated aggregate greenhouse gas (GHG) emission levels reflected in INDCs lead to a projected level of 55 Gt CO₂ eq in 2030. They also noted that greater efforts were needed to reduce emissions to 40 Gt CO₂ eq.²⁸⁹

227. According to the GEF, in 2016, its historical programming in energy efficiency and renewable energies has led to a reduction in emissions of 963 Mt CO₂ eq.²⁹⁰ The GEF reports having directed funding towards programmes and projects that aim to reduce GHG emissions through a climate change portfolio that has now reached over 1,000 projects and USD 3.6 billion in grant funding.²⁹¹ In addition, according to evidence from the OPS6, additional GHG benefits were achieved through multi-focal projects that did not claim CCM funding, mostly in the land use and forestry focal areas.²⁹² In addition to these results, projects approved in the first 3 years of the GEF-6 period (July 2014 to May 2017) are expected to mitigate and avoid an additional 1,243 million tonnes of CO₂.²⁹³

228. OPS6 finds that the “GEF-6 Climate Change Focal Area Strategy is highly responsive to UNFCCC guidance.”²⁹⁴ Preliminary evidence of the evaluation of the climate change portfolio undertaken in the framework of OPS6 shows that most climate change projects under GEF-6 were successful in delivering positive environmental impacts and global environmental benefits, that is, mitigation of emissions. The OPS6 review found that about three quarters of GEF climate change projects showed evidence of environmental impact at project closure, although in some projects the extent of GHG reduction impacts was marginal.²⁹⁵ It should also be noted that multiple environmental co-benefits are achieved but these are beyond the scope of this paper.

229. While it is too soon to identify the contribution of the GCF to the stabilization of GHG concentration in the atmosphere, its programming priorities and policies indicate that important reductions could be

²⁸⁶ <<http://www.greenclimate.fund/projects/portfolio>> (last accessed 24 May 2017).

²⁸⁷ FCCC/CP/2017/5, paragraph 28.

²⁸⁸ Ibid, page 23.

²⁸⁹ Decision 1/CP.21, paragraph 17.

²⁹⁰ GEF. 2016. The GEF and Climate Change: Catalyzing Transformation: <https://www.thegef.org/sites/default/files/publications/The_GEF_and_Climate_Change_-_Catalyzing_Transformation_0_0_2.pdf>.

²⁹¹ Ibid.

²⁹² GEF IEO Brief. 2017. Climate Change Focal Area Study, 2017: <<http://www.gefio.org/sites/default/files/ieo/signposts/files/climate-change-2017-brief.pdf>>.

²⁹³ GEF document GEF/C.52/INF.05, page 1.

²⁹⁴ GEF IEO Brief. 2016. Climate Change Focal Area Study. page 2.

²⁹⁵ GEF IEO Brief. 2017. Climate Change Focal Area Study.

achieved through GCF investment. Recent estimates by the GCF of the anticipated impacts of the current portfolio place GHG emission reductions at Mt 981 CO₂ eq for 43 approved projects, amounting to a total of USD 2.2 billion in committed funds, of which 41% is dedicated to mitigation-related programming (USD 927 million), and a further 32% to cross-cutting programming (718.9).²⁹⁶ According to the GCF secretariat, “the climate impact potential of the pipeline is estimated to be 2.5 billion tonnes of CO₂ Eq reduced or avoided over the lifetime of the proposed activities.”²⁹⁷

G. Consistency and complementarity of the Financial Mechanism

230. This chapter aims to examine the consistency and complementarity between the strategies, policies and programmes of the operating entities and between the operating entities and other climate finance delivery channels. A selected number of dedicated multilateral climate change dedicated funds were selected for the purposes of this paper but are not meant to be comprehensive. The chapter begins with an overview of the climate finance context and is then organized by thematic area of adaptation, mitigation, technology transfer, capacity-building and REDD-plus. Though not the focus of this report, a small chapter on complementarity with the private sector is also included. Insights from this chapter may inform deliberations by the COP on consistency and complementarity (i) between the operating entities and (ii) between the operating entities and other sources of climate finance.

G.1. Overview

231. As noted in the fifth review,²⁹⁸ the global architecture of climate finance is rapidly evolving, and a number of mechanisms, funds and initiatives are now responding to the objective of the Convention in terms of mitigation and adaptation. These resources are channelled through an increasingly complex climate finance architecture, which includes a number of multilateral and bilateral climate funds. Article 11.5 of the Convention stipulates that “the developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.” Furthermore, decision 1/CP.11, paragraph 2(a) the COP took note of the conclusions of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change that reads: Outside the framework of the Financial Mechanism – Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the Financial Mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP. Towards this end and in the context of Article 11.5 of the Convention, the secretariat should collect information from multilateral and regional financial institutions on activities undertaken in implementation of Article 4.1 and Article 12 of the Convention; this should not introduce new forms of conditionalities.

232. Multilateral climate funds provide financial support to climate-related projects in developing countries from funds contributed by multiple developed countries. There are funds that provide funding both for mitigation and adaptation, such as the GCF and the SCCF, and there are also other mitigation-, adaptation- and forest-dedicated funds. For example, according to the 2016 BA by the SCF, the Clean Technology Fund and the Scaling Up Renewable Energy Program were the mitigation-dedicated funds that received largest funding commitments in 2013–2014. The Forest Investment Program followed by the UN-REDD Programme and the Forest Carbon Partnership Facility are some of the more significant sources of committed funds for forests and the Pilot Program For Climate Resilience (PPCR) has been the largest single source of funding for adaptation by commitments, followed by the LDCF and the Adaptation for Smallholder Agriculture Program and the AF, in 2013–2014. A similar set of bilateral funds also channel

²⁹⁶ FCCC/CP/2017/5, paragraph 28. See also <<https://www.greenclimate.fund/what-we-do/portfolio-dashboard>>.

²⁹⁷ Ibid.

²⁹⁸ SCF/TP/2014/1.

resources to developing countries using development cooperation pathways Annex I and II contains more detail on funding sources for mitigation and adaptation and scope of funding.

233. The COP has requested the GEF to report on resources for capacity building and technology transfer, which it does through its annual reports to COP. However, it should be noted that financing specifically dedicated to capacity-building and technology transfer is difficult to isolate, as it is in most cases integrated into project activities, and not exclusively tracked separately by many funds.

G.2. Consistency and complementarity between the operating entities

234. This chapter summarizes the steps that the operating entities have been taking to promote consistency and complementarity between themselves at the strategic and operational levels, and the pathways for collaboration that have been identified and applied since the fifth review of the Financial Mechanism.

235. The issue of consistency and complementarity is inscribed in the Governing Instrument, which states that “the Fund shall operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund.”²⁹⁹ The Governing Instrument also states that “the Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities” and specifies that coherence should be promoted “in programming at the national level through appropriate mechanisms.”³⁰⁰

236. The GCF, in its initial strategic plan, which was approved at the twelfth Board meeting, also highlights the comparative advantages of the GCF and notes the need to operate in coherence with other climate finance institutions.³⁰¹ This comparative advantage is defined as follows: “its ability to programme and manage financing at scale; engage in partnerships with both public and private actors at various levels; take on risks that other funds/institutions are not able or willing to take, including risks associated with deploying innovative climate technologies; pilot and potentially scale-up and replicate innovative approaches; deploy the full range of financial instruments at its disposal; leverage additional financial inputs from innovative and alternative sources; and leverage its status as an operating entity of the Financial Mechanism of the UNFCCC to set new standards with regard to country ownership, direct access and level of ambition impacting the global practice of climate finance beyond its immediate engagement.”³⁰²

237. The COP has provided guidance on this issue over the years, encouraging both entities to “further articulate and build on the complementarity of their policies and programmes within the Financial Mechanism of the Convention.”³⁰³

238. The GEF, in a report by the secretariat to the 52nd Council, held in May 2017, noted that each fund may play different, complementary roles that can produce higher impacts and leverage more resources, if combined strategically.³⁰⁴

239. During GEF-6, given the growing significance of climate change influence on all areas of GEF interventions, the GEF CCM strategy sought to enhance synergies across focal areas and to enhance

²⁹⁹ GCF Governing Instrument, paragraph 33.

³⁰⁰ Ibid, paragraph 34.

³⁰¹ GCF document GCF/B.13/08, paragraph 4.

³⁰² GCF document GCF/B.12/32, annex I, page 29.

³⁰³ Decision 8/CP.21, paragraph 14.

³⁰⁴ FCCC/CP/2016/6, paragraph 74. See also GEF document GEF/C.52/03.

complementarity with other climate financing options, including the GCF.³⁰⁵ The ongoing policy debate around GEF-7 provides a unique opportunity to further refine the comparative advantages of the GEF.

G.2.1 Summary of efforts to build consistency and complementarity between operating entities

240. Beyond the definition of strategic-level comparative advantages, both operating entities have sought to operationalize their complementarity. At the senior management level, the GEF CEO and the GCF Executive Director have met on a number of occasions to explore potential cooperation at the operational level. For instance, the GEF CEO and the GCF Executive Director held bilateral meetings on the margins of COP 22, as well as on the occasion of the GCF Executive Director's visit to Washington, DC in March 2017.³⁰⁶

241. At the secretariat level, the GEF and the GCF secretariats frequently communicate on a wide range of topics and activities, such as mitigation and adaptation strategies, the status of resource allocation, project cycle modalities and lessons, project preparation grant guidelines, private sector engagement, templates, co-financing policy, accreditation of agencies, financial master agreements, trustee arrangements, as well as readiness and preparatory support.³⁰⁷ The GEF secretariat has, for example, included the GCF in the GGP, which is comprised of gender FPs from GEF Agencies, other climate funds, conventions.³⁰⁸ According to the GEF IEO, the partnership has become an important forum for leveraging increased action and convergence on gender and environment. This has enabled the concurrent review of gender policies (see chapter A.3) which are expected to be completed in the fall of 2017.

242. The GEF secretariat also attends GCF Board meetings and responds to questions from the Board members, alternate members and advisors, as needed, and shares information and lessons learned from its work.³⁰⁹ Likewise, representatives of the GCF secretariat attend meetings of the GEF, as well as other institutions such as the Board meetings of the AF, the Multilateral Fund for the Implementation of the Montreal Protocol and CIF.³¹⁰ Both secretariats attend Convention-related bodies, including NAP Expo and the LEG meetings, the SCF, Regional NDC workshops, AC, and TEC, to list a few.

243. On the margins of COP 22, technical personnel of both secretariats, led by the GEF Director of Programs and the GCF Director of Country Programming and the Secretary to the Board, held a working session to discuss areas for potential cooperation. As a result, the following ideas for collaboration were identified:³¹¹

³⁰⁵ GEF document GEF/A.5/07/Rev.01, paragraph 7.

³⁰⁶ FCCC/CP/2016/6, paragraph 74.

³⁰⁷ GEF document GEF/C.50/09, paragraph 71.

³⁰⁸ GEF document GEF/ME/C.52/INF.09.

³⁰⁹ FCCC/CP/2016/6, paragraph 72.

³¹⁰ GCF document GCF/B.13/08.

³¹¹ GEF document GEF/C.52/03.

- (a) “Explore further a pilot for coordinated national strategy and project development - identify countries where GEF OFPs and GCF NDAs are identical to facilitate easier start-up conversations;
- (b) Conduct joint country missions to 5+ countries for national strategy/project development;
- (c) Organize joint outreach to GEF agencies/GCF international entities, as needed;
- (d) Consider mutual engagements in the GCF Structured Dialogue and GEF ECWs;
- (e) GEF to support GCF in the annual Dialogue with Climate Finance Delivery Channels, as requested by the GCF Board, including suggestions on agenda and active participation;
- (f) GCF to support GEF on elements related to transparency of support for CBIT;
- (g) Convene small working groups on key topics, such as technology transfer, capacity building and NAPs;
- (h) Discuss fund-to-fund arrangements, also informed by small working group discussions on key topics; and
- (i) Collaborate with a view to potentially addressing parts of COP guidance jointly as Financial Mechanism at large.”

244. According to the GEF secretariat, follow-up meetings have taken place at the technical level in the margins of the AC meeting in March 2017 and the SBI in May 2017, between the GCF and secretariat Staff.

245. As the GCF has been working on becoming fully operational since the fifth review, the GCF and the GEF secretariats, as well as other institutions (see chapter G.1 above) have been cooperating by exchanging lessons learned and experiences in order to inform the development of the operational policies of the funds. This has contributed to shaping various policy elements that now govern the GCF and its operations, including, specifically, accreditation procedures, safeguards policies, investment frameworks and results monitoring policies.

246. The GCF reported on its actions to enhance complementarity, including with the GEF, in its proposed framework for coordination. Among actions undertaken, it includes:

- (a) Assessment of existing accredited national, regional and international intermediaries and implementing entities by other relevant funds and development of a work programme on complementarity and coherence with the accreditation systems and processes of other relevant funds, as well as relevant private sector associations;
- (b) Identification of potential relevant private sector international best practice fiduciary principles or standards and ESS and the adoption of IFC performance standards;
- (c) Consultations with relevant bodies and observer organizations in setting out the options for a GCF-wide gender-sensitive approach, and for developing the Gender Policy and Action Plan for the GCF;
- (d) Survey of the methodologies used by relevant institutions in order to define and determine their risk appetite when preparing an analysis of the potential risk appetite of the GCF;
- (e) Consideration of the best practices of other institutions when developing the minimum benchmarks for the criteria of the GCF investment framework; and
- (f) Consultations with the relevant experts and thematic bodies when developing the initial results management framework of the GCF.³¹²

247. A complementarity and coherence operational framework was adopted at the seventeenth Board meeting in 2017, which provides guidance on pursuing complementarity at Board/strategic level, Enhanced

³¹² GCF document GCF/B.13/08.

complementarity at the activity level, at the national programming level, and at the level of delivery of climate finance through an established dialogue.”³¹³ Examples of recent progress include the establishment of a RCM to collaborate with partners delivering readiness support with regards to GCF resources (see chapter D.1) or the development of a fast-track accreditation process for entities already accredited to GEF and AF.

248. In addition, the GCF secretariat continues to engage on critical issues with a number of climate finance channels beyond the GEF, including the AF (readiness and DAE coordination), NAMA Facility (knowledge sharing on national programming), CIFs (programmatic approaches and alignment of pipelines), CTCN (linkages with the TEC and financing R&D as well as technology-relevant readiness) and others.

G.2.2 Complementarity at the national level

249. The COP has further provided specific guidance to the GCF to “enhance its collaboration with existing funds under the Convention and other climate relevant funds in order to enhance the complementarity and coherence of policies and programming at the national level.”³¹⁴

250. The two operating entities are working to promote complementarity at the national level through national planning exercises such as the GEF NPFES, the expanded constituency workshops and the GCF country programmes. As noted above, the two secretariats have identified the opportunity to deploy “a pilot for coordinated national strategy and project development.” A recent report updating on the implementation of the GEF 2020 strategy notes that “‘Organic’ complementarity between the GEF and GCF is gradually emerging, as GCF ramps up project approvals. Funding approvals by the GCF to date show how GEF in some cases has helped paved the way for leveraging and enabling investments from the GCF.”³¹⁵

251. As further noted by the GCF, “Country programmes present an overview of a country’s national context, policy framework and plans (e.g. nationally determined contributions, NAPs, NAMAs, etc.), and summarize their respective climate action agendas. They also include a pipeline of projects or programmes that the country would like to undertake with the GCF, aligned to GCF strategic impacts, investment criteria and operational modalities.”³¹⁶ This exercise is similar to the NPFE process undertaken in the GEF. In addition, the country support programme of the GEF supports the execution of National Dialogue initiatives, in which representatives or FPs for other climate finance mechanisms may participate.³¹⁷

252. In terms of moving this coordination forward, as noted in a recent WRI report, “one possible solution is for countries to identify one ministry or body that serves as the national FP or authority for all the climate funds.”³¹⁸ The same report also notes that there may be value in establishing a broader readiness hub or programme, or in combining readiness funds, that addresses overall planning and pipeline needs.

G.2.3 Consistency between the environmental and social safeguards, fiduciary standards and gender policies of the operating entities

253. The coordination and collaboration processes outlined above have led to some greater consistency and convergence between the policies, strategies and programmes of the two operating entities. Some of these areas of convergence are highlighted in chapter A, notably in terms of governance modalities, transparency of decision-making and information disclosure policies, as well as the application of increasingly

³¹³ GCF document GCF/B.17.08, pages 4-5.

³¹⁴ Decision 7/CP.20, paragraph 16.

³¹⁵ GEF document GEF/C.52/Inf.03, page 10.

³¹⁶ GCF document GCF/B.15/INF.09, paragraph 5.

³¹⁷ <<https://www.thegef.org/documents/npfd>>.

³¹⁸ Ibid.

convergent environmental, gender and social standards. Table 13 below summarizes the content of the above-mentioned safeguards, standards and policies.

254. Of particular interest is the scheduled revision, in 2017 and 2018, of many of the key policies of the GCF, as well as the policy revisions which have been initiated by the GEF, including those launched by the GEF-7 discussions in the same period.³¹⁹ As these policies are reviewed by the GEF and the GCF, lessons learned and best practices can be integrated through coordination and information sharing between the entities and their secretariats.

³¹⁹ For examples, see decisions by the 51st and 52nd GEF Councils on launching the revision of safeguards policies, for example GEF C.52 Joint Summary of the Chairs, page 8.

Table 13

Summary of Global Environment Facility and Green Climate Fund environmental and fiduciary safeguards and gender policy

	Global Environment Facility	Green Climate Fund
	<i>Environmental and social safeguards^a</i>	
Key documents	Minimum standards (MS) (2011, under likely review in 2017–2018)	IFC Performance Standards (PS) (under review in 2017) (reference from GCF docs to be added)
Scope	MS 1: Environmental and social impact assessment	PS1: Assessment and management of environmental and social risks and impacts
	MS 2: Protection of natural habitats	PS6: Biodiversity conservation and sustainable management of living natural resources
	MS 3: Involuntary resettlement	PS5: Land acquisition and involuntary resettlement
	MS 4: Indigenous peoples	PS7: Indigenous peoples
	MS 5: Pest management	N-A
	MS 6: Physical cultural resources	PS8: Cultural heritage
	MS 7: Safety of dams	N-A
	MS 8: Accountability and grievance systems	N-A
	N-A	PS2: Labour and working conditions
	N-A	PS3: Resource efficiency and pollution prevention
	N-A	PS4: Community health, safety and security
Operationalization	No exceptions allowed to MS1, 2 and 8	A fit-for-purpose approach, which requires AEs to explain why they feel certain standards may not be applicable
	<i>Fiduciary standards^b</i>	
Key documents	GEF/C.31/6, “Recommended minimum fiduciary standards for GEF implementing and executing agencies” (2007)	Interim Fiduciary Standards, to be revised in 2017
Scope	External and internal audit, financial management and controls, financial disclosure, codes of ethics, investigation, and hotline and whistle-blower protection	Key administrative and financial capacity, transparency and accountability policies and procedures, and specialized standards related to project management, grant award and funding allocation mechanisms, as well as standards used for on-lending or blended financial instruments
Operationalization	Through accreditation, universally applied	Through accreditation, using a fit-for-purpose approach
	<i>Gender policies^c</i>	

Key documents	Policy on Gender Mainstreaming (2011, to be updated in Nov. 2017); Gender Equality Action Plan (2014).	Gender Policy and Action Plan (2015, to be reviewed and updated in November 2017)
Objectives	To mainstream gender into GEF operations To attain the goal of gender equality	To ensure that by adopting a gender-sensitive approach, the Fund will achieve greater, more effective, sustainable, and equitable climate change results To build equally women's and men's resilience to, and ability to address, climate change, and to ensure that women and men will equally contribute to, and benefit from, activities supported by the Fund To address and mitigate against assessed potential project/programme risks for women and men To contribute to reducing the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities
Operationalization	Minimum criteria: a gender analysis at design, gender expertise within agencies Through the accreditation process. All the LDCF and the SCCF projects are required to report on sex-disaggregated indicators, where appropriate; and incorporate GEF gender indicators	Through the accreditation process and application of safeguards in projects Gender disaggregated indicators are required in the project proposal template

^a See GEF document GEF/ME/C.52/inf.08; GEF Guideline SD/GN/03; World Resources Institute 2015. *Environmental and Social Safeguards at the Green Climate Fund* (<http://www.gcreadinessprogramme.org/sites/default/files/Environmental%20and%20Social%20Safeguards%20at%20the%20Green%20Climate%20Fund.pdf>); and annex III to GCF document GCF/B.07/11;

^b See annex II to GCF document GCF/B.07/11 and GEF document GEF/C.31/6;

^c See annex XIII to GCF document GCF/B.09/23; GCF document B.BM-2016/12; GCF Call for Input DCP/20-04-2017; and GEF IEO. 2017. *Evaluation on Gender Mainstreaming in the GEF*. Unedited report.

G.3. Consistency and complementarity by thematic area

255. In addition to seeking complementarity between the operating entities, paragraph 2(a) of decision 11/CP.1 states that consistency should be sought and maintained between the policies, programme priorities and eligibility criteria for activities established by the COP and the climate change activities beyond the framework of the Financial Mechanism.

256. At its 13th meeting, the GCF Board decided to initiate an annual dialogue with climate finance delivery channels in order to enhance complementarity and coherence between the GCF and other funds at the activity level, commencing at, and to be organized in conjunction with, the fifteenth meeting of the Board. The GCF secretariat developed a concept note to guide this dialogue. It specifies that the “annual dialogue should complement the key elements of the operational framework and help participants to better understand the climate finance landscape, the priorities and strengths of the various climate finance delivery channels, and to identify synergies and opportunities for cooperation at the delivery level of climate finance.”³²⁰

257. In addition to the operating entities, the following organizations will be invited to the dialogue: the AF, CIF, the World Bank, the LDCF, the SCCF, the UNDP, the UNEP, the IADB, the European Investment Bank, the AfDB, the ADB, the EBRD and IFC.³²¹ The dialogue has not yet taken place and the concept note is pending approval from the GCF at time of writing.

258. The AF secretariat highlighted, in document AFB/B.24-25/1, the potential linkages between the AF and the GCF and explored options for operationalizing such linkages. These include “establishment of an operational linkage with the GCF, through either accreditation” (for example, the potential for the Fund to apply as a financial intermediary of the GCF) or “an ad hoc agreement or memorandum of understanding, and...institutional integration between the two funds.”³²² In the short term, linkages continue to be made at the programming level: as per GCF decision B.13/09, countries may access up to USD 3 million under the GCF to support the development of NAPs, whose implementation could then be supported by the AF. Funding to support the NAP process (development and implementation) can also be accessed from the LDCF.³²³ According to the most recent report on the LDCF, “As at April 10, 2017, 51 LDC had accessed USD 12.20 million in support of the preparation of their NAPA. Of the 51 countries that had completed their NAPAs, 49 LDCs had accessed a total of USD 1,147 million for 195 projects in support of the implementation of their NAPAs” and USD 41.7 million were dedicated to supporting the NAP process, either through dedicated projects or through combined NAPA-NAP projects.³²⁴

G.3.1 Consistency and complementarity in adaptation programming

259. Annex I is a description of selected adaptation finance funds, summarizing the goals and objectives, strategic programming orientations and principles, special topics and financial instruments available for a selected set of active multilateral funds with a significant or sole focus on adaptation financing, including the GEF and the GCF. A number of observations can be made:

- (a) There is convergence in the various mechanisms’ goals and objectives of either “promoting resilience”, “building adaptive capacity” or “supporting adaptation.” One mechanism specifically refers to SDGs in its objectives;

³²⁰ GCF document GCF/B.14/Inf.12.

³²¹ Ibid.

³²² AF Board document AFB/B.29/6.

³²³ GEF document GEF/LDCF.SCCF.14/06.

³²⁴ GEF/LDCF.SCCF.22/03/Rev.01, pages 2 and 4.

(b) A clear observation of how the mechanisms complement each other, or the specific niche or role of each mechanism in the climate finance landscape is not possible from a review of their strategic programming directives. The articulation of these strategic directions, against which projects are often assessed, range from higher-level or more general principles (i.e. paradigm shift, awareness, country driven) to statements more specifically focused on vulnerability, resilience and adaptation. Some commonalities include addressing social, physical and economic aspects of the impacts of climate change, alignment and integration into development and development plans. Only one of the funds described has a narrowly defined specialization in infrastructure;

(c) The LDCF is the only fund supporting the preparation of NAPAs. The GEF, the LDCF, the GCF and the AF each support the implementation of NAPAs and the preparation or implementation of NAPAs. The difference in support received from each is not identified;

(d) The LDCF, the AF and UNCDF LoCAL provide only grants while the PPCR and GCF also provide highly concessional loans and grants. The GCF also provides other non-grant financing, such as equity investments, risk guarantees, highly concessional loans, debt instruments, and is also developing a results-based payment approach for REDD+. This may be an indicator of the scope and type of projects and programmes supported by each fund.

260. An overview of the definitions and criteria used by the GEF, the LDCF, the GCF, UNCDF LoCAL, the AF and PPCR to identify adaptation-related costs and other costs (e.g. “baseline”, “development” costs) is also provided in Table 14 below. The AF is the only fund discussed in this paper supporting the full costs of adaptation while the GEF and the GCF specify that additional costs of adaptation are covered. The PPCR and the UNCDF LoCAL do not define the scope of their adaptation financing.

Table 14

Scope of adaptation costs supported by four multilateral Funds

	Scope of funding	Definition	Guidance provided by respective funds
GEF-SCCF/LDCF	Additional costs of adaptation	Additional costs is used to refer to the costs imposed on vulnerable countries to meet their immediate adaptation needs ^a	Full adaptation cost translates into the term “additional cost” in COP decisions and LDCF / the SCCF programming papers. This concept is used to explain how the costs of adaptation are added to costs of ‘business as usual’ development. business as usual refers to activities that would also be implemented in absence of climate change. The full costs of adaptation are fully paid by the LDCF) and the SCCF
AF	Full costs of adaptation	Full cost of adaptation is used to refer to the costs associated with implementing concrete adaptation activities that address the adverse effects of climate change ^b	The fund will finance projects and programmes whose principal and explicit aim is to adapt and increase climate resilience. The project/programme proponent is to provide justification of the extent to which the project contributes to adaptation and climate resilience
GCF	Additional costs of	The identifiable additional cost required to make the	The ability of a proposed activity to demonstrate its potential to adapt to the

	adaptation	investment viable ^c	impacts of climate change in the context of promoting sustainable development and a paradigm shift. ^d In practice, similar definitions of “adaptation costs” are applied to those of the GEF
UN CDF LoCAL	N-A	The additional costs of making infrastructure climate resilient ^e	The Local Climate Adaptive Living Facility (LoCAL) grants are disbursed as part of a local government’s regular budget envelope and can thus finance the adaptation element of larger investments. Using a fit-for-purpose approach in which the first phase of the local programme supports the definition of the grant component
PPCR	N-A	No definition provided	Full costs of technical assistance to integrate climate resilience into planning and (highly concessional loans and grants) to put the SPCR plan into action and pilot innovative public and private sector solutions to pressing climate-related risks ^f

^a GEF/LDCF.SCCF.12/Inf.04 May 7, 2012

^b Adaptation Fund, Operational Policy Guidance, 2016

^c GCF, Governing Instrument

^d Green Climate Fund, Board Decision B.05/05

^e UN CDF, LOCAL Annual Report 2016. See also

<http://www.local-uncdf.org/objectives-and-approach.html>

^f PPCR Fundamentals; Lessons learned from PPCR Phase 1

G.3.2 Consistency and complementarity in mitigation programming

261. Regarding mitigation, Annex II illustrates a description of selected mitigation related Funds and it shows that there is a degree of consistency between the objectives and goals of the various mechanisms in that they seek to support countries’ transitions towards low-carbon development. However, a significant portion of the funds examined focus on a specific theme or sector, for example energy or forests, while the GEF and the GCF include the full spectrum of sectors in which to achieve potential emission reductions.

262. Furthermore, while the two operating entities are focused on the “incremental costs” of mitigation activities, other funds and mechanisms make fewer distinctions, while they offer a larger scope of financial instruments.

G.3.3 Consistency and complementarity in REDD-plus programming

263. Annex III is a description of selected REDD-plus related funds and it summarizes the goals and objectives, strategic programming orientations and principles, including the GEF and the GCF.

264. The GCF’s support to REDD-plus is shaped by decision 9/CP.19, in which the COP encouraged the GCF to play a key role in channelling adequate and predictable results-based finance for REDD-plus in a fair and balanced manner.³²⁵ Discussions on means of operationalizing results-based finance for REDD are

³²⁵ GCF document GCF/B.14/03.

still under way with a recent call for inputs from GCF Board members and stakeholders, under the leadership of two Board REDD-plus champions. The call for inputs notes that “while the UNFCCC guidance including the Warsaw Framework provides guiding pillars for REDD-plus, operationalization of REDD-plus results-based payments at the GCF requires further analysis and discussion of elements related to technical and procedural aspects in the context of the Governing Instrument of the Fund and current procedures.”

265. The current planned approach for REDD-plus support includes two tracks of support: one for milestone-based payments and one for results-based payments. However, operationalization of these modalities would require detailed consideration of issues such as: scale of intervention, access modalities, financial valuation of modalities, predictability of funding, operationalization of safeguards, forest emissions reference levels, and the risk of double-financing.³²⁶ At its seventeenth Board meeting, the GCF requested the secretariat to undertake further analysis and to finalize the request for proposals for the pilot program.³²⁷

266. Both operating entities pay dedicated specific attention to issues related to forests, and to reducing emissions from deforestation and forest degradation. At the GEF, support for the sustainable management of forests has been supported through the various GEF replenishment cycles, as places where all focal areas intersect, and as “forest in providing a range of important environmental services, in particular to sustain biodiversity, face the challenges of climate change and land degradation, and at the same time offering livelihood options for many forest dependent people.”³²⁸

267. Under GEF-6, the GEF “established a separate SFM funding window of USD 250 million operated as an incentive mechanism for countries willing to enhance the financing of their forests. With a goal of encouraging investments in the forestry sector and promoting integrated approaches, this mechanism allowed recipient countries to add up to 50% of GEF support using their GEF allocation in the focal areas of biodiversity, climate change and land degradation.”³²⁹

268. The GEF-6 SFM strategy advocates an integrated approach at the landscape level, embracing ecosystem principles and including livelihood objectives in the management of forest ecosystems to achieve multiple global environmental benefits. In addition, GEF-6 also supports the implementation of a pilot integrated approach titled “Taking Deforestation out of the Commodity Supply Chain” by helping governments to avoid the loss of high conservation value forests.³³⁰

269. The GEF-6 programming strategy for forests had four expected results: “(a) Maintained Forest Resources: Reduce the pressures on high conservation value forests by addressing the drivers of deforestation. (b) Enhanced Forest Management: Maintain flows of forest ecosystem services and improve resilience to climate change through SFM. (c) Restored Forest Ecosystems: Reverse the loss of ecosystem services within degraded forest landscapes. (d) Increased Regional and Global Cooperation: Enhance regional and global coordination on efforts to maintain forest resources, enhance forest management, and restore forest ecosystems through the transfer of international experience and know-how.”³³¹

³²⁶ GCF document GCF/B.14/03, pages 7 and 8.

³²⁷ GCF Board decision B.17/8.

³²⁸ GEF, Sustainable Forest management Fact Sheet, April 2017, available at: http://www.thegef.org/sites/default/files/publications/GEF_SFMMFactsheet2017_CRA-web.pdf.

³²⁹ Ibid.

³³⁰ GEF 6 Programming Directions, page 157.

³³¹ Ibid.

G.3.4 Consistency and complementarity in technology programming

270. Technology transfer is also embedded in the Governing Instrument for the GCF³³² and its initial strategic plan.³³³ Upon invitation by the COP, the GCF Board at its . meeting considered ways to provide support for facilitating access to environmentally sound technologies in developing countries and for undertaking collaborative research and development relative to mitigation and adaptation efforts.³³⁴

271. In addition, the Board decided to continue enhancing cooperation and coherence of engagement with the TEC and the CTCN, including by requesting the GCF secretariat to recommend further steps to enhance cooperation and coherence for consideration by the seventeenth meeting of the Board. At that meeting, to be held in July 2017, the Board will consider concrete options on how the GCF can support collaborative research and development in developing countries.

272. Technology transfer is mainstreamed throughout both of the operating entities' programming frameworks and operational strategies. Transfer of low-carbon and climate-resilient technologies has been a cross-cutting theme for the GEF since the establishment of its funds and is inscribed in the MOU between the GEF Council and the COP. Since 2008, the GEF supports the implementation of the PSPTT, which aims to scale up investments in environmentally sound technologies in developing countries and is guided by the following five elements:³³⁵

- (a) Support for climate technology centres and a climate technology network;
- (b) Piloting priority technology projects to foster innovation and investments;
- (c) Public-private partnership for technology transfer;
- (d) TNAs;
- (e) The GEF as a catalytic supporting institution for technology transfer.

273. The GEF reports that its CCM strategy under GEF-6 promoted timely development, demonstration and financing of low-carbon technologies and mitigation options.³³⁶ Furthermore, promotion of the transfer and adoption of adaptation technology is part of CCA objectives, contained in the LDCF/SCCF results-based management framework.³³⁷ Moreover, the GEF, in response to decision 2/CP.17, continues to support pilots and innovative projects for technology transfer and financing, including the CTCN and four regional climate technology transfer and financing centres.

274. The operating entities are both making efforts to respond to technology needs in developing countries. Specific efforts to seek complementarity between the funds with respect to support for technology could be further identified. In this context, it may be useful to draw upon a comprehensive overview of initiatives relevant to climate technology development and transfer, prepared by the secretariat upon request by the subsidiary bodies.³³⁸ Based on patterns and trends observed in the landscape of technology development and transfer, the mapping generated useful insights for the purposes of this review. Findings of the mapping include, inter alia:

- (a) There are growing numbers of international forums, partnerships, forums and networks on technology development and transfer. Yet, to gain insight into the actual level of synergy and

³³² GCF Governing Instrument, paragraph 35 and 38.

³³³ GCF document GCF/B.13/04.

³³⁴ Decision 7/CP.21.

³³⁵ FCCC/SBI/2010/25, annex.

³³⁶ FCCC/CP/2016/6, paragraph 134.

³³⁷ GEF document GEF/LDCF.SCCF.9/INF.4, annex, page 15.

³³⁸ FCCC/SBSTA/2016/INF.9, paragraph 292.

coordination between existing activities and initiatives, additional information would have to be gathered;³³⁹

(b) While a significant number of technology-related initiatives promote policies that advance the development and transfer of climate technologies, a smaller number provide targeted assistance at the national level through various projects and programmes, including, for example, the GEF;³⁴⁰

(c) There are fewer adaptation technology programmes than those directed at mitigation. Yet, this may change under the GCF, in terms of allocation of funds, which would allow further implementation of adaptation technology activities and programmes;³⁴¹

(d) Although support for climate technologies, including finance, is increasing, it is more prevalent at the research and development and commercial or diffusion stages, leaving a gap at the demonstration and early stages of commercialization;³⁴²

(e) The need for concerted action and coordination to accelerate the deployment of technologies that face unique sets of barriers is illustrated in the growth of technology-specific initiatives and programmes that have been created to address the unique technological, policy, institutional and financial barriers that these technologies face, in a coordinated and targeted manner;

(f) While a few knowledge sharing and management initiatives provide overviews of relevant initiatives and programmes, there is no one place that offers a comprehensive overview, which makes it challenging and time-consuming to find all information about existing technology programmes and the nature of the support that they provide and the links and overlap between them.

G.3.5 Consistency and complementarity in capacity-building programming

275. As with technology transfer, capacity building is mainstreamed in the operating entities' programming. As for the GCF, according to its Governing Instrument, the GCF "will finance agreed full and agreed incremental costs for [...] capacity-building and preparation of national reports by developing countries."³⁴³ It also stipulates that the GCF Board "shall also ensure adequate resources for capacity building [...]."³⁴⁴ Accordingly, the GCF is undertaking efforts to provide capacity-building support, primarily through its readiness and preparatory support programme. The readiness and preparatory support programme is a strategic priority for the GCF and was established to strengthen and build enabling environments to allow developing countries to access GCF resources. Specifically, it provides support to NDAs/FPs to prepare their strategic frameworks, including country programmes, and to develop GCF programme pipelines on mitigation, adaptation/cross-cutting in a coherent approach.³⁴⁵ One example of this effort is the structured dialogues between NDAs/FPs, AEs and the secretariat, which aim to determine which priorities identified by countries are the best match for GCF support.³⁴⁶

276. The GCF is strengthening its support to countries in order to build their capacity for direct access. This includes "Capacities to identify the best national partners to execute projects, to develop bankable projects and programs, and to undertake financial management and good fiduciary practices, are to be developed."³⁴⁷ Collaborative actions deployed in 2016 included: (a) Developing a training programme targeting NDAs; (b) Updating the accreditation self-assessment toolkit; (c) Developing a project development checklist for DAEs; (d) Sharing rosters of experts; and (e) Developing case studies on the

³³⁹ Ibid, paragraph 273.

³⁴⁰ Ibid, paragraph 275.

³⁴¹ Ibid, paragraph 276.

³⁴² Ibid, paragraph 287.

³⁴³ GCF Governing Instrument, paragraph 35.

³⁴⁴ GCF Governing Instrument, paragraph 38.

³⁴⁵ FCCC/CP/2017/5.

³⁴⁶ GCF document GCF/B.16/04/Add.01, paragraph 1.

³⁴⁷ <<http://www.asiapacificadapt.net/adaptationforum2013/sites/default/files/Eunhae%20Jung.pdf>>.

experience of NDAs and DAEs. Furthermore, as an effort to bolster developing countries' capacities to directly access the GCF funding, the GCF Board required international access entities to demonstrate their efforts to enable direct access of the developing countries to the GCF resources.³⁴⁸ This is included in their AMAs.³⁴⁹

277. Furthermore, the GCF is the convener and facilitator of the RCM, an initiative to coordinate institutions independently providing readiness support to enable countries to access GCF funding. In April 2016, among other initiatives, the RCM developed or extended a few collaborative actions, which include: (a) Developing a training programme targeting NDAs; (b) Updating the accreditation self-assessment toolkit; (c) Developing a project development checklist for DAEs; (d) Sharing rosters of experts; and (e) Developing case studies on the experiences of NDAs and DAEs. On the margins of COP 22 in Marrakech, Morocco, the group reconvened on 12 November 2016 for a half-day session to exchange ideas on plans for 2017 and to agree on possible areas of collaboration. Such areas include developing a common roster of experts as well as coordination on training initiatives aimed at NDAs and direct access accredited entities.³⁵⁰

278. The GCF provides capacity-building support also through its projects and programmes under the thematic windows of mitigation and adaptation. Typically, this is provided as financial support for capacity-building and technical assistance components of projects and programmes approved to receive the GCF funding.³⁵¹

279. As for the GEF, capacity building lies “at the core of all GEF programming”, and that most climate change related initiatives comprised of a combination of demonstration and institutional capacity.³⁵²

280. Capacity-building efforts at the GEF included the National Capacity Self-Assessments (NCSAs), which were designed to assist countries in identifying capacity needs to implement the Rio conventions, including the UNFCCC. By the end of GEF-5, 143 countries had received support for NCSAs.³⁵³ As a follow-up to this assessment, the GEF also supported the implementation of cross-cutting capacity development projects, addressing specific needs identified in NCSAs.

281. The GEF provides support to the priority areas identified in the capacity-building framework.³⁵⁴ In 2016, the GEF reported having allocated USD 216.9 million to capacity-building initiatives within climate change programming and about 35% (USD 76.5 million) was used to foster capacity-building for the LDCs and SIDS.³⁵⁵ In addition, for the enabling activities for developing countries, the GEF has so far supported 28 projects during the GEF-6, amounting to USD 48.4 million of GEF TF and USD 6.4 million of co-financing.

282. The CBIT is the most recently established capacity-building programming at the GEF,³⁵⁶ that aims to support the institutional and technical capacities of developing countries to meet the enhanced transparency requirements of the Paris Agreement, Article 13. At the 50th GEF Council meeting, the Council established the Trust Fund for CBIT³⁵⁷ and approved the CBIT programming directions.³⁵⁸

³⁴⁸ GCF Board decision B.10/06, paragraph (i).

³⁴⁹ GCF document GCF/B.07/02, section I, paragraph 1.

³⁵⁰ GCF/B.15/08.

³⁵¹ FCCC/CP/2017/5.

³⁵² <https://unfccc.int/files/cooperation_and_support/capacity_building/application/pdf/df2cbm03.pdf>.

³⁵³ <<http://www.thegef.org/topics/capacity-development>>.

³⁵⁴ Decisions 2/CP.7 and 3/CP.7.

³⁵⁵ FCCC/CP/2017/7.

³⁵⁶ Decision 1/CP.21, paragraphs 84–86.

³⁵⁷ For more information on the operationalization of the CBIT, refer to GEF document GEF/C.52/INF.07.

³⁵⁸ GEF document GEF/C.50/06.

G.3.6 Consistency as regards engagement with the private sector

283. Another area where there is scope for increased consistency and complementarity is with regard to the engagement of the private sector and the mobilization of private sector financing. The GEF IEO, in its 2017 evaluation of the GEF's engagement with the private sector, notes that "In GEF-4 and GEF-5, projects geared towards private sector engagement tended to use set-aside funding and included NGIs, to address important barriers to private sector engagement. More recently, in GEF-6, the Integrated Approach Pilots explicitly provide for engagement with the private sector while the USD 110 million NGPP maintains momentum for public and private recipients to use innovative financing models. Of the USD 110 million authorized for the pilot, the GEF has "awarded ten non-grant projects covering multiple focal areas, including seven projects that directly deliver CCM benefits. These projects allocate a total of USD 70.2 million in GEF financing and leverage almost USD 1.6 billion in co-financing, including USD 1.1 billion from the private sector. In the reporting period, one non-grant MSP with climate change benefits was approved by the GEF CEO, providing USD 2 million and leveraging USD 52 million in co-financing. This project ("Piloting Innovative Investments for Sustainable Landscapes") will contribute to the launch of Production, Protection and Inclusion (PPI) initiative in partnership with the IDH, the Sustainable Trade Initiative."³⁵⁹ The GEF secretariat reports that formal requests under the NGPP totalled over USD 200 million, with informal requests also largely exceeding the amount of available resources, testifying to increasing demand from private sector entities.

284. A holistic and comprehensive approach was envisioned in GEF-6 to mainstream private sector engagement across all GEF focal area strategies"³⁶⁰. The evaluation of Private Sector Engagement undertaken by the GEF delivers a few key lessons and recommendations regarding the future of the GEF's engagement with private sector, such as the fact that highest levels of opportunities exist in the climate change focal area, but that taking advantage of these would require an effort to clarify the GEF's role and contribution and to enhance private sector's understanding of GEF processes. Furthermore, the evaluation notes the need to clarify the stage at which GEF's support to private sector intervenes, whether upstream or downstream, in order to better focus the financial instruments³⁶¹.

285. Other conclusions of relevance here include:

- (a) "The GEF's private sector activities overall, can thus be broadly considered as "upstream" in the development continuum – to create and nurture the necessary ecosystem for private sector engagement. However, this is potentially at odds with a push for greater financial self-sufficiency, which emphasizes reflows and financial structures that provide a financial return to the GEF."
- (b) "The GEF's ability to engage the private sector diminished during GEF-4 as a result of the then-introduced Resource Allocation Framework. (...) Consequently, private sector set-asides have been a primary modality through which engagement has continued, first with the Earth Fund platform and then the PPP platform in GEF-5 and the NGPP in GEF-6. The fragmented nature of these interventions combined with the limits of STAR allocation often mean that private sector innovation is not easily reconciled with country ownership and national strategies and priorities."
- (c) "Many of the barriers to private sector investment have not fundamentally changed in the 20-plus years covered by the sample projects. Justification for the GEF non-grant financing still includes limited availability of capital; xi limited appetite on the part of commercial banks; lack of familiarity with the sectors, financing modalities and instruments."

³⁵⁹ FCCC/CP/2017/5, paragraph 44.

³⁶⁰ GEF IEO, Evaluation of the GEF Engagement with Private Sector, page iv.

³⁶¹ GEF IEO, Evaluation of the GEF Engagement with Private Sector, paragraphs 25–35.

286. The LDCF and SCCF Programming Strategy for 2014–2018 foresees enhanced engagement with the private sector in climate adaptation through projects that, among others, promote “awareness raising, including of potential risks and response measures; Capacity building to help private entities manage climate change risks; Efforts to improve policy and regulatory environments and institutional infrastructure; Public-private partnerships that promote private sector responses to climate change; and Entrepreneurship development to open and seize emerging private sector opportunities to reduce climate change vulnerabilities.”³⁶²

287. Private sector funding is also increasing, with an estimated USD 243 billion invested in renewable energies in 2014, up 26 per cent on the previous year’s total.³⁶³ In comparison with the global flows of resources (an estimated USD 392 billion in 2015³⁶⁴), funds channelled through the Financial Mechanism represented less than 1 billion in 2014.³⁶⁵ In the light of this information, it may be useful to place the context of the roles of the operating entities in the broader landscape, including with respect to engagement with the private sector.³⁶⁶ For example, funding required to support the full implementation of NDCs is expected to reach USD 13.5 trillion.³⁶⁷

³⁶² GEF Programming Strategy on Adaptation to Climate Change Least Developed Countries Fund Special Climate Change Fund, 2014–2018 page 19.

³⁶³ CPI, Global Landscape of Climate Finance, 2015.

³⁶⁴ Climate Policy Initiative, Global Landscape of Climate Finance, 2015.

³⁶⁵ 2016 BA technical report.

³⁶⁶ GEF IEO, Climate Change Focal Area Study, OPS6OPS6 technical brief, 2017.

³⁶⁷ IEA 2015. World Energy Outlook Special Report. Energy and Climate Change.

Annex I

Description of selected adaptation finance funds

	Global Environment Facility – Least Developed Countries Fund and Special Climate Change Fund	Green Climate Fund	Adaptation Fund	Climate Investment Funds – The Pilot Programme for Climate. Resilient	The Local Climate Adaptive Living Facility (LoCAL) of the UN Capital Development Fund
Key documents/ sources	GEF Strategy for Adaptation 2014–2018 (LDCF and the SCCF)	GCF Investment Framework	Operational policies and Guidelines (revised 2016)	The Pilot Programme for Climate Resilience (PPCR) Fundamentals; Lessons learned from PPCR Phase 1	The United Nations Capital Development Fund (UN CDF), LOCAL Annual Report 2016
Goals/ Objectives	To increase resilience to the adverse impacts of climate change in vulnerable developing countries.	To make a contribution to increased climate-resilient sustainable development	The overall goal of all adaptation projects and programmes financed under the Fund will be to support concrete <u>adaptation</u> activities that reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.	To mainstream climate resilience into core development planning for transformation at scale	Promote climate change– resilient communities and economies by increasing financing for and investment in climate change adaptation at the local level in LDCs, thereby contributing to the achievement of the Sustainable Development Goals (SDGs)
Strategic Programming Orientations/	Three strategic objectives: 1. Reduce the	Six investment criteria: - Adaptation Impact Potential	Reducing vulnerability and increasing the adaptive capacity of	(PPCR) assists national governments in integrating climate	Output 1: Mainstreaming Output 2: Awareness

	Global Environment Facility – Least	Green Climate Fund	Adaptation Fund	Climate Investment Funds – The Pilot	The Local Climate Adaptive Living
Principles	<p>vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change;</p> <p>2. Strengthen institutional and technical capacities for effective climate change adaptation; and</p> <p>3. Integrate climate change adaptation into relevant policies, plans and associated processes</p> <p>Pillar I: Integrating Climate Change Adaptation Into Relevant Policies, Plans, Programs and Decision-making Processes</p> <p>Pillar II: Expanding Synergies With Other GEF Focal Areas</p>	<ul style="list-style-type: none"> - Paradigm shift - Needs of the recipient - Country Ownership - Efficiency and Effectiveness - Sustainable Development potential - LDC, SIDS, African states adaptation priority (Target of 25% of total portfolio) <p>[From results management framework (B.07/04)]:</p> <ul style="list-style-type: none"> - Resilience and enhanced livelihoods of the most vulnerable people, communities and regions - Resilience of health and well-being, and food and water security - Resilience of infrastructure and the built environment to climate change threats - Resilience of ecosystems 	<p>human and natural systems to respond to the impacts of climate change, including climate variability.</p> <ul style="list-style-type: none"> - Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation; - Country Driven - take into account national sustainable development strategies, poverty reduction strategies, national communications and NAPA 	<p>resilience into development planning across sectors and stakeholder groups. It also provides additional funding to put the plan into action and pilot innovative public and private sector solutions to pressing climate-related risks.</p> <p>Expected outcomes: (a) Improved capacities for the integration of climate resilience into planning, processes, and implementation (as appropriate to each country); (b) increased consensus on an approach to climate resilient development appropriate to each country; (c) increased finance availability (e.g., scaled-up investment commitment) in</p>	<p>Output 3: Finance</p> <p>Output 4: Implementation</p> <p>Funds used to create climate-resilient small-scale infrastructure or to climate-proof existing infrastructure that is threatened by the effects of climate change</p>

	Global Environment Facility – Least	Green Climate Fund	Adaptation Fund	Climate Investment Funds – The Pilot	The Local Climate Adaptive Living
				approaches to climate resilient development; (d) enhanced learning and knowledge sharing on integration of climate resilience into development, at the country, regional and international levels.	
Special Topics	Support to the Preparation of the NAPs; - Private sector engagement - Risk Transfer and insurance - Ecosystem-Based Adaptation	Support to the preparation of NAPs; - Private Sector Engagement	Support to preparation of NAPs; Ecosystem-based adaptation	N/A	Infrastructure; Local governance and transparency
Financing Instrument	Grants for Additional costs of adaptation	Grants, Loans, for additional costs of Adaptation	Grants for full adaptation cost	TA Grants to governments for integrating climate resilience into planning and additional funding (Highly concessional loans and grants) to put the SPCR plan into action and pilot innovative public and private sector solutions	Performance-based climate resilience grants (PBCRGs) as a financial top-up to cover the additional costs of making infrastructure climate resilient

	Global Environment Facility – Least	Green Climate Fund	Adaptation Fund	Climate Investment Funds – The Pilot	The Local Climate Adaptive Living
				to pressing climate-related risks.	

Annex II

Description of selected mitigation related funds

	Global Environment Facility	Green Climate Fund	Climate Investment Funds: Clean Technology Fund and Scaling up Renewable Energy program	UK International climate finance	International Climate Initiative (Germany)
Key documents/ sources	GEF 6 Strategy for Climate Mitigation	GCF Investment Framework/ GCF Strategic Plan	Revised CTF Results Framework ^s SPEP website ^t	UK, Climate Finance Results, 2016	https://www.international-climate-initiative.com/en/issues/mitigation/
Goals/ Objectives	Support developing countries/ economies in transition to make transformational shifts towards a low emission resilient development path	To make a contribution to the shift to low-emission sustainable development pathways	CTF: Transformed low carbon economy. SPEP: supports scaled-up deployment of renewable energy solutions	To support international poverty eradication now and in the future by helping developing countries (...) take up low-carbon development at scale and manage natural resources sustainably	Supports partner countries in developing and implementing innovative instruments for reducing their greenhouse gas emissions.
Strategic Programming Orientations	1. Promote innovation, technology transfer, and supportive policies and strategies. 2. Demonstrate mitigation options with systemic impacts. 3. Foster enabling	Six investment criteria: - Mitigation and Adaptation Impact Potential - Paradigm shift - Needs of the recipient - Country Ownership - Efficiency and	CTF Outcome Objectives: Avoided greenhouse gas (GHG) emissions; (b) increased finance for low carbon development mobilized; (c) increased supply of renewable	KPI - Number of people with improved access to clean energy; Number of direct jobs created; Change in Greenhouse Gas emissions (Tonnes of CO ₂ e; Level of installed capacity of	These include measures for transitioning to a sustainable, low-emission economic and energy supply structure and developing low-carbon development strategies (LCDS),

	Global Environment Facility	Green Climate Fund	Climate Investment Funds: Clean Technology Fund and Scaling up Renewable Energy program	UK International climate finance	International Climate Initiative (Germany)
	conditions to mainstream mitigation concerns into sustainable development strategies.	Effectiveness - Sustainable Development potential	energy (RE); (d) increased access to public transport; and (e) increased energy efficiency. SPEP Core indicators: Annual electricity output from renewable energy; Number of people, businesses and community services benefitting from improved access to electricity and fuels	clean energy (Mega Watts); Number of low carbon technologies supported (units installed); Volume of public finance mobilised for climate change purposes (£s); Volume of private finance mobilised for climate change purposes (£s)	NAMAs and systems for measurement, reporting and verification (MRV) of greenhouse gas emissions and reduction measures.
Special Topics	- 5 eligible programs: 1. Promote timely development, demonstration and financing of low-carbon technologies and mitigation options 2. Develop and demonstrate innovative policy packages and market initiatives	REDD-plus Forests [From results management framework (B.07/04)]: Low-emission energy access and power generation Access to low-emission	SPEP: Energy	NAMAs, Private Sector	Funding for LEDS and NAMAs, Private sector

	Global Environment Facility	Green Climate Fund	Climate Investment Funds: Clean Technology Fund and Scaling up Renewable Energy program	UK International climate finance	International Climate Initiative (Germany)
	<p>to foster new range of mitigation actions</p> <p>3. Promote integrated low emission urban systems</p> <p>4. Promote conservation and enhancement of carbon stocks in forest, and other land use, and support climate smart agriculture</p> <p>5. Integrate findings of Convention obligations enabling activities into national planning processes and mitigation contributions</p> <p>- CBIT</p>	<p>transport</p> <p>Energy-efficiency in buildings, cities and industries</p> <p>Sustainable land use and forest management, including REDD-plus</p>			
Financial Instruments	Agreed incremental costs; full costs for Convention obligations	Agreed incremental costs; results-based payments for REDD-plus	Grants and low-interest loans,(risk guarantees for SREP)channelled	Grants	Grants

	Global Environment Facility	Green Climate Fund	Climate Investment Funds: Clean Technology Fund and Scaling up Renewable Energy program	UK International climate finance	International Climate Initiative (Germany)
	such as NCs and BURs. Grants and concessional financing available.	activities (under consideration)	through partner MDBs		

^s https://climateinvestmentfunds.org/sites/default/files/meeting-documents/ctf_revised_results_framework_011413_for_website_0.pdf;

^t http://www.climateinvestmentfunds.org/sites/default/files/results-2015/srep/index.html#results_themes

Annex III

Description of selected REDD-plus related funds

	Global Environment Facility	Green Climate Fund	Climate Investment Funds – Forest Investment Program (FIP)	Forest Carbon Partnership Facility	UN-REDD Programme	International Climate and Forest Initiative (Norway)
Key documents/ sources	GEF 6 Programming Directions Document, Sustainable Forest Management	GCF Investment Framework/ GCF Strategic Plan	Revised FIP Results Framework, 2012 CIF. 2009. Forest Investment Program – Design Document	World Bank, IEG, the forest carbon partnership facility, Program Review, Vol6, issue 3, 2012	UN-REDD Programme Strategic Framework 2016–2020, 2015.	Government of Norway, Real-Time Evaluation of Norway’s International Climate and Forest Initiative Synthesis Report 2007–2013
Goals/ Objectives	Support developing countries and economies in transition to make transformational shifts towards a low emission development path	To make a contribution to the shift to low-emission sustainable development pathways	To support developing countries’ REDD-efforts , providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into	To <u>reduce emissions from deforestation and forest degradation</u> and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks	to <u>reduce forest emissions</u> and enhance carbon stocks in forests while contributing to national sustainable development	<u>reducing greenhouse gas emissions resulting from deforestation</u> and forest degradation in developing countries (REDD-plus)

			account opportunities to help them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements			
Strategic Programming Orientations	<p>1. Promote innovation, technology transfer, and supportive policies and strategies.</p> <p>2. Demonstrate mitigation options with systemic impacts.</p> <p>3. Foster enabling conditions to mainstream mitigation concerns into sustainable</p>	<p>Six investment criteria:</p> <ul style="list-style-type: none"> - Impact Potential - Paradigm shift - Needs of the recipient - Country Ownership - Efficiency and Effectiveness - Sustainable Development potential 	<p>Core objective: “reduced GHG emissions from deforestation and forest degradation; enhancement of forest carbon stocks”</p> <p>“reduced poverty through improved quality of life of indigenous people and forest communities” and environmental co-</p>	<p>To assist countries in their REDD-plus efforts by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD-plus.</p> <p>- To pilot a performance-based</p>	<p>Direct support to the design and implementation of National REDD-plus Programmes; Complementary tailored support to national REDD-plus actions; and Technical capacity building support through sharing of expertise, common approaches, analyses,</p>	<p>Three core objectives 1. To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime; 2. To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions;</p>

	<p>development strategies.</p>		<p>benefits such as “reduced biodiversity loss and increased resilience of forest ecosystems to climate variability and change.”</p> <p>Outcome: “reduced deforestation and forest degradation”</p> <p>Key Catalytic/ Replication outcomes: “increased direct management of forest resources by local communities and indigenous peoples”, “improved enabling environment for REDD-plus and sustainable management of forests” and “access to predictable and adequate financial resources, incl. results-based incentives for REDD-plus and</p>	<p>payment system for REDD-plus activities, with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD-plus.</p> <p>- Within the approach to REDD-plus, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity. To disseminate broadly the knowledge gained in the development of the Facility and the implementation of Readiness Preparation Proposals (RPPs) and Emission Reductions Programs (ERPs).</p>	<p>methodologies, tools, data, best practices and facilitated South-South knowledge sharing.</p> <p>Outcome 1. Contributions of REDD-plus to the mitigation of climate change as well as to the provision of additional benefits have been designed.</p> <p>Outcome 2. Country contributions to the mitigation of climate change though REDD-plus are measured, reported and verified and necessary institutional arrangements are in place</p> <p>Outcome 3. REDD-plus contributions to the mitigation of climate change are</p>	<p>3. To promote the conservation of natural forests to maintain their carbon storage capacity.</p>
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			sustainable management of forests”		implemented and safeguarded with policies and measures that constitute results-based actions (RBAs), including the development of appropriate and effective institutional arrangements.	
Special Topics	<ul style="list-style-type: none"> • Power • Cities and Transport • Forests • Agriculture • Manufacturing • Waste 	REDD-plus Forests	Forest Investment Program: biodiversity conservation, poverty reduction and protection of the rights of indigenous peoples and local communities.	Indigenous peoples	Governance, tenure security,	
Financial Instruments	Agreed incremental costs	Agreed incremental costs; results-based payments for REDD-plus activities (under consideration)	Grants for readiness and technical assistance.	Grants for readiness technical assistance and results-based payments for VERs.	Grants for TA	Grants through UNFCCC, Multilateral REDD initiatives (Congo Basin Forest Fund; Forest Carbon Partnership Facility; Forest Investment Program; UN-

						REDD Programme), bilateral aid and support to CSOs.
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