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SUBSIDIARY BODY FOR IMPLEMENTATION

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Item 5 (a) of the provisional agenda

Financial mechanism of the Convention

Fourth review of the financial mechanism

The operation of funds under the Global Environment Facility as an operating entity of the financial mechanism, as well as the Special Climate Change Fund and the Least Developed Countries Fund

Submissions from Parties

Addendum

1. In addition to the one submission contained in document FCCC/SBI/2009/MISC.10, one further submission has been received on 1 December 2009.
2. In accordance with the procedure for miscellaneous documents, this submission is attached and reproduced** in the language in which it was received and without formal editing.

* Exact dates within the sessional period are subject to confirmation.

** This submission has been electronically imported in order to make it available on electronic systems, including the Word Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

FCCC/SBI/2009/MISC.10/Add.1

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SUBMISSION BY THE UNITED STATES OF AMERICA

Submission by the United States of America on the Fourth Review of the Financial Mechanism

The United States welcomes the opportunity to share views with other Parties on the operation of the financial mechanism of the UNFCCC. Our comments will focus on the performance of the Global Environment Facility (GEF) as an operating entity of the financial mechanism. The United States is committed to the continued improvement of the effectiveness and efficiency of the GEF based on the objective assessment of its performance in a framework of results-based management.

The United States believes that the GEF has demonstrated clearly improved performance over the past four years following solid implementation of reforms agreed for the Fourth Replenishment (GEF-4). The GEF is showing progress and tangible results in terms of efficiently providing resources to UNFCCC developing country Parties, catalyzing additional co-financing, transferring of climate-friendly technologies, and building capacity in developing countries for mitigation and adaptation.

Results

The United States notes with satisfaction the assessment of the Fourth Overall Performance Study of the GEF (OPS-4) that “GEF climate change funding has supported a solid level of achievement of progress towards intended Global Environmental Benefits, both in reduction and avoidance of greenhouse gas emissions and in sustainable market changes.” Overall, OPS-4 estimates that about 65% of GEF climate change projects sampled showed measureable GHG impacts. Through the increased use of programmatic approaches and reforms to enable countries to use their climate change allocations for projects related to land-use, land-use change, and forestry (LULUCF), the GEF has also improved its ability to deliver cross-cutting global environmental benefits in multiple focal areas.

Improved Efficiency

There is clear evidence that the reforms to streamline the project cycle agreed in June 2007 have improved GEF’s operational efficiency. These reforms and the increased use of programmatic approaches have contributed to the approval of \$700 million in climate change resources as of end-November 2009, equivalent to about 78% of the GEF-4 target climate change allocation. The GEF Secretariat’s performance in managing the Poznan Technology Transfer Program in the past year was also constructive. The United States supports continued efforts to enhance the GEF’s efficiency and increased use of programmatic approaches as a means to increase the delivery of global environmental benefits.

Convention Guidance

The United States agrees with the findings of OPS-4 that the GEF “continues to be responsive to COP guidance through incorporation of guidance into GEF strategies, approving projects, and adapting its policies and procedures.” The United States also supports continued efforts to improve communication between the GEF and the UNFCCC COP and Secretariat and efforts to improve the quality of guidance provided to the GEF Council.

Transparent Resource Allocation

The mid-term review of the Resource Allocation Framework (RAF) provided the GEF Secretariat and Council with helpful insights in terms of identifying areas for improvement as well as strengths on which to build. The United States believes the findings of the mid-term review were fully taken into account in the design of the agreed System for Transparent Allocation of Resources. The United States expects that this system will contribute to enhanced country ownership, ability to achieve cross-focal area benefits, and allocation of more resources to poorer countries that face the greatest capacity building needs in terms of climate change.

GEF-5 Replenishment and Future Reform

The United States is committed to participating in a strong GEF-5 replenishment based on policy reforms that contribute to further improvements in effectiveness and efficiency. A key priority for the United States will be agreement on new approaches and practices that enhance country ownership over programming, including efforts that improve the capacity of developing countries to plan and coordinate their GEF funding requests. Developing countries need to set their own agendas for delivering global environmental benefits in climate change and other focal areas. It is essential that the GEF Secretariat enhance its capacity to manage for results and facilitate learning among all GEF partners. The GEF Secretariat should also work to improve its reporting to the UNFCCC, particularly in the area of capacity-building activities. Finally, the United States will support efforts to further improve efficiency, including increase use of programmatic approaches.
