

**AOSIS SUBMISSION ON
GUIDANCE TO THE OPERATING ENTITIES
OF THE FINANCIAL MECHANISMS OF THE CONVENTION**

25 September 2013

AOSIS welcomes the opportunity to share its view and recommendations on elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention (FCCC/CP/2012/L.7, paragraph 7 and FCCC/CP/2012/L.17, paragraph 16).

General principles

In the context of the evolving climate finance architecture and of the operationalization of the GCF, AOSIS wishes to reiterate the following key principles for climate financing:

- Climate change financing mechanisms should work with existing national budgetary and reporting systems and not put a disproportionate burden on countries, especially those with capacity constraints to access funds. Access needs to be simplified and expeditious, especially when responding to urgent adaptation needs;
- Reporting and financial oversight requirements of Operating Entities of the Financial Mechanism should be harmonized as much as possible to avoid duplication of efforts and costs;
- Climate finance should align with national and regional priorities identified by recipients;
- Existing and emerging capacity gaps that prevent countries from accessing climate finance should be addressed through technical assistance and readiness support.

Global Environment Facility

AOSIS suggests that guidance to the Operating Entities of the Financial Mechanism should be more streamlined, in particular to avoid having multiple decisions containing guidance to the GEF (8 decisions at COP 18), hence an “omnibus” decision should be considered for GEF guidance.

Funding for Biennial Update Reports

AOSIS welcomes the continuation of the Global Support Program for Preparation of National Communications and now Biennial Update Reports for non-Annex I Parties and that all requests for BURs have been financed. AOSIS encourages the GEF to continue the provision of support for first and subsequent BURs, sending a clear signal that funding will be provided would provide predictability and encourage more developing countries to submit BUR proposals.

Adaptation Funding

AOSIS is particularly concerned with the lack of adaptation funding in GEF-administrated Convention Funds, while the Kyoto Protocol Adaptation Fund is going through a major crisis. AOSIS notes that the GEF reported that the demand for SCCF-A resources keeps to far outstrip the supply and asks the GEF to take this into consideration in its replenishment negotiations and to work with donor countries to raise additional funding to meet this demand. In particular, projects that could not be funded in the current cycle, due to shortage of funds, should be considered and prioritized in the 6th replenishment.

Non-LDCs developing country Parties have no means to prepare their NAPs and have been calling the GEF to fill that gap. Therefore AOSIS requests the GEF to urgently work to mobilize adequate resources through SCCF and other ways to provide adequate funding for interested non-LDCs developing country Parties for the preparation of their NAPs.

Project Preparation Grants:

AOSIS members are among the most capacity-constrained Parties and therefore welcome that the GEF provided a total of \$4.4 million of Project Preparation Grants (PPGs) for the development of 43 of the 68 climate change mitigation projects in FY 2013 from the GEF Trust Fund. AOSIS requests the GEF to improve the provision of PPGs to assist eligible countries in formulating and developing projects consistent with their national priorities.

Direct access

Direct access by Countries should be prioritized since this is an investment countries will have to make to gain direct access to the Adaptation Fund and the GCF as well. To this end countries should be given an increase in the GEF Country Program to support this exercise and collaboration with the GCF should be sought to maximize complementarity.

Green Climate Fund

AOSIS welcomes the progress made by the GCF Board in 2013 on the Business Model Framework of the Fund and support the Board in its ambition to make the GCF fully operational and ready to disburse funding as soon as possible.

AOSIS believes that the Board should be requested to ensure that all the necessary modalities for the operation of the Fund are developed, in coherence with its Governing Instrument approved by the COP in Durban. The Board should also be requested to ensure that the Independent Secretariat is established in Songdo, Korea, without delay, with sufficient staff and budget to provide adequate support to the work of the Board and to developing countries, in particular for this early phase, by providing assistance for the accreditation process of national entities and for readiness and preparedness activities. In particular, SIDS need immediate support in formulating their NAP (Governing Instrument, paragraph 36) and adaptation plans and projects.

AOSIS is of the view that there should not be any further delay in the initial capitalization of the Fund, therefore the COP should agree on an ambitious timeline for the resource mobilization of the Fund in 2014.