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SUBSIDIARY BODY FOR IMPLEMENTATION

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Item 5 (b) of the provisional agenda

Financial mechanism of the Convention

**Report of the Global Environment Facility to the Conference of the Parties and
guidance to the Global Environment Facility**

Views and recommendations on the funding available in the climate change focal area

Submissions from Parties

1. The Conference of the Parties (COP), by its decision 3/CP.12, invited Parties to submit to the secretariat, by 17 August 2007, their views and recommendations on the funding available to them in the climate change focal area, for compilation by the secretariat for consideration and appropriate action at the COP at its thirteenth session and for transmission through the secretariat to the Council of the Global Environment Facility.
2. The secretariat has received six such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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PAPER NO. 1: BOLIVIA

**Bolivia Submission to The Secretariat of
The United Nations Framework Convention on Climate Change**

Additional Guidance to the Global Environment Facility

**Views and Recommendations from Parties on the Funding Available to them in the
Climate Change Focal Area**

Mandato

Invita a las Partes a que presenten a la secretaría, a más tardar el 17 de agosto de 2007, sus opiniones y recomendaciones sobre los fondos de que disponen en la esfera de actividad del cambio climático, para que la secretaría las compile y presente a la Conferencia de las Partes en su 13º período de sesiones, para examen y adopción de las medidas apropiadas, y para que se transmita, por conducto de la secretaría, al Consejo del Fondo para el Medio Ambiente Mundial.

Opiniones y Recomendaciones de Bolivia sobre los fondos de que se disponen en la esfera de actividad del cambio climático

Bolivia considera que el rol que juega el Fondo para el Medio Ambiente Mundial como la entidad operadora de los mecanismos financieros de la Convención Marco de las Naciones Unidas sobre el Cambio Climático, es de mucha importancia para canalizar recursos a los países para la ejecución de medidas de adaptación al cambio climático. Sin embargo, es necesarios que se incluyan los siguientes aspectos, que permitirán apoyar los esfuerzos mundiales en el área de adaptación Y EN PARTICULAR AL Fondo Especial del Cambio Climático:

- Incrementar los recursos financieros para proyectos de adaptación, brindando preferencia para el acceso a los mismos a los países en vías de desarrollo, los cuales tiene capacidad muy baja para afrontar exitosamente los procesos de adaptación al cambio climático.
- Para el acceso al financiamiento de los proyectos de adaptación, no solamente se debe comprobar que las relaciones beneficio-costos son favorables; sino también consideraciones sociales, que son las que permitirán hacer menos vulnerables a las comunidades y de manera sinérgica reducir la pobreza.
- Las agencias de implementación del GEF, deben controlar el cumplimiento de los mandatos de la CMNUCC y del GEF en relación al financiamiento, no debiendo incluir otros criterios o realizar evaluaciones en base a sus políticas institucionales. El trabajo de dichas agencias debe estar en todo momento regido en base a las prioridades establecidas en los países.
- Reducir, al menos en los países en vías de desarrollo la contraparte requerida por el GEF, debido a que en estos países, la disponibilidad de recursos de aporte nacional son escasos.

Agosto 17 de 2007.

(UNOFFICIAL TRANSLATION)

Bolivia submission to the Secretariat of the United Nations Framework Convention on Climate Change

Additional guidance to the Global Environment Facility

Views and recommendations from parties on the funding available to them in the climate change focal area

Terms of reference

The Parties are invited to submit to the secretariat by no later than 17 August 2007 their views and recommendations on the funding available to them in the climate change focal area, thereby enabling the secretariat to compile and submit these for consideration and adoption of appropriate action to the Conference of the Parties at its thirteenth session, as well as to transmit them to the Council of the Global Environment Facility.

Views and recommendations from Bolivia on the funding available to it in the climate change focal area

Bolivia considers the role played by the Global Environment Facility as the agency responsible for the operation of the financial mechanisms of the United Nations Framework Convention on Climate Change to be of great importance in channelling resources to countries for the purpose of national communications and other measures of adaptation to climate change. However, the following considerations - which will serve to support global efforts towards climate change adaptation, and in particular, those of the Special Climate Change Fund (SCCF) - must also be taken into account:

- An increase in the amount of financial resources allocated to adaptation projects, giving priority in access to such resources to vulnerable developing countries, which have very little capacity for embarking successfully on the process of climate change adaptation;
- In order for adaptation projects to obtain financing, they should be shown to have not only favourable cost-benefit ratios but also social benefits, i.e., ones that will help to make communities less vulnerable and, in a synergetic fashion, reduce poverty;
- The implementing agencies of the Global Environment Facility should monitor how the mandates of the United Nations Framework Convention on Climate Change and the Global Environment Facility are discharged from the financing standpoint; they should not include other criteria or carry out evaluations based on their institutional policies. Their work should at all times be governed by the countries' own priorities;

- A reduction, at least for the developing countries, in matching contributions required by the Global Environment Facility, in view of the scarcity of resources available in these countries for national inputs.

17 August 2007

PAPER NO. 2: JAMAICA

Submission of Jamaica on Additional Guidance to the GEF on Views and recommendations from Parties on funding available to them for climate change focal area

Jamaica is very concerned that the amount of funding provided by the GEF to Jamaica and other countries with similar circumstances is woefully inadequate. The main concern is the amount of funding that was made available to Jamaica for the preparation of its second national communication under the expedited funding facility. The sum of \$405,000 was made available to countries. How this figure was formulated was never explained but us. All countries regardless of its size are allocated the same amount.

What has not being taken into context is that what can be accomplished with this amount by each country will be a function of its size. Those countries that are smaller than Jamaica will obviously be able to achieve more. However, the irony is that it is expected that all national communications must be similar in their outcomes in terms of the final product that is produced.

Jamaica will find it extremely difficult to complete a comprehensive report of its vulnerability to the negative impacts of climate change and in developing the measures that will be required to adequately adapt to these impacts. The amount that was approved in the budget to complete an integrated assessment of the five sectors of agriculture, water resources, human health, human settlements, and coastal resources is not enough to give a full picture.

This is our major concern and one that should be properly addressed as soon as possible. Adapting to climate change is of utmost importance to Jamaica and the provision of good information will be critical to our ability to get international assistance. If the assessments are not undertaken correctly and comprehensively then our intervention and responses will be far below our true requirements. This could have devastating consequences as some of the communities that are at risk could be overlooked for attention due to a lack of funding.

PAPER NO. 3: MALDIVES ON BEHALF OF THE LEAST DEVELOPED COUNTRIES

Submission, on behalf of the LDC Parties by the LDC Coordinator (Maldives) on Views of the performance of GEF

Article 4 of the United Nations Framework Convention on Climate Change requested the Parties to take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.

Management of the LDC Fund:

By its decisions 5Cp.7 and 6Cp.9, the COP decided to establish a work programme for the implementation of Article 4, paragraph 9, of the Convention, which would include support to least developed country Parties for the preparation and implementation of national adaptation programmes of action, promotion of public awareness programmes; development and transfer of technology; strengthening of the capacity of meteorological and hydrological services; the establishment of and functioning of a least developed country group of experts; strengthening existing and, where needed, establishing, national climate change secretariats and/or focal points; and providing training, on an ongoing basis, in negotiating skills and language.

By its Decision 27/CP.7 the COP provided guidance to and requested the GEF, as the entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the least developed countries fund (LDCF) to provide funding from the LDC Fund to meet the agreed full cost of preparing the NAPAs, adopt simplified procedures and arrange for expedited access to the Fund and adopt streamlined procedures for the operation of the Fund.

By its Decision 6/CP.9, the COP provided further guidance to GEF for the operation of the LDCF requesting the entity to support the implementation of national adaptation programmes of action as soon as possible after their completion. By the same decision the COP requested the GEF, when developing the operational guidelines for funding of the implementation of national adaptation programmes of action, to take into account, among others, equitable access by least developed country Parties to funding and guidelines for expedited support.

By its Decision 3/CP.11, the COP provided further guidance for the operation of the LDCF requesting the Global Environment Facility (GEF) to develop flexible modalities that ensure balanced access to resources given the level of funds available.

In responding to these guidance and requests from COP, Parties were initially disappointed with the pace at which GEF was making funds available. Information coming from the Stocktaking Meeting organised by the Least developed Countries Expert Group (LEG) in collaboration with and support from the UNFCCC Secretariat, suggest that the GEF and its agencies have greatly improved access to funds under the LDC Fund and deliverance to the NAPA preparation and implementation process. Waiting time for access to funding has been greatly reduced to about 3 months and less. As we enter the implementation phase for many countries, completion of Project Identification Forms (PIFs) and access to funding for implementation of project activities are being successfully facilitated by GEF and its Agencies.

This success of the GEF and its Agencies could be primarily due to efforts in the institutional arrangements whereby the Council for the management of the least Developed Countries Fund (LDCF) is appropriately constituted to be separate from the GEF Council. *The LDC Parties*

suggest that a similar arrangement could be adopted for the Special Climate Change Fund and the Adaptation Fund, if it is to be managed by the GEF. However, some of the LDC Parties, e.g., Bangladesh, request that the PIF stage be eliminated in a bid to further reduce the time to access funds from the LDC Fund for the implementation of NAPAs.

The Resources Allocation Framework (RAF)

In September 2005, the Global Environment Facility (GEF) Council adopted the Resource Allocation Framework (RAF), a system in which resources are allocated to countries based on each country's potential to generate global environmental benefits and its capacity, policies and practices to successfully implement GEF projects. Because of their unique qualities, the Least Developed Countries and the Small Island Developing states (SIDs) amongst them are constrained by the limited capacity and inappropriate policies and institutional framework to access adequate funds from GEF, particularly through the RAF, and to deliver global environmental benefits. This is also compounded by their vulnerability to the current and potential impacts of climate change. *It is the ardent submission of LDC Parties that the institutionalisation of the RAF should reflect the specific situation of these Parties and specifically the allocation of funds should be increased. The inadequate policies and capacity to generate and deliver global environmental benefits should not be used as criteria for access to funds under the RAF. The RAF should be revised to take into consideration of the special situation of the most disadvantaged countries, the Least Developed Country Parties.*

Financing of Adaptation under the GEF Trust Fund:

Recent analysis of request for funding in NAPAs suggests that funds available in the LDC Fund are grossly inadequate to address the immediate and urgent adaptation needs of LDC Parties. Long term adaptation is considered under the NAPA process. Very few of this LDC Parties have comparable level of access to the Special Climate Change Fund and the RAF. *Since these countries have very little to mitigate but a lot to adapt to the adverse effects of climate change, it is prudent, therefore that funds in the GEF Trust Fund be made available to developing countries, particularly the Least Developed Countries among them, for conducting adaptation, particularly long term adaptation activities.*

PAPER NO. 4: SAUDI ARABIA

**Saudi Arabia submission on
GEF experience and additional guidance**

Presidency of Meteorology and Environment (PME), has been facing difficulty in dealing with GEF and partner agencies on the proposal of Second National Communication of Saudi Arabia approximately for last two years when the proposal was first submitted to UNDP, Riyadh office.

To date, we have not received GEF approval for our SNC proposal. Biggest issue with GEF is that they, instead of following the various relevant clauses of UNFCCC and Kyoto Protocol vis-à-vis mitigation, follow their own agenda and views and impose them on the developing countries.

This GEF behavior has been responsible for delaying the start of the SNC project. Sometimes the communication took few months responding to our request and their comments. GEF is still insisting on including a chapter in our proposal on mitigation of GHG emissions. However, nowhere in the UNFCCC and/or Kyoto protocol, it has been made obligatory on developing countries. Instead, Saudi Arabia would like to include a section on "steps taken to address mitigate".

GEF is still insisting of including a section on mitigation otherwise the funding will be reduced considerably by US \$ one hundred thousand (US \$ 100,000).

This unwarranted attitude of GEF reviewer is unacceptable and unwarranted for.

PAPER NO. 5: SOUTH AFRICA

South Africa's Views and Recommendations on the Funding available in the Climate Change Focal Area

Decision 3/CP.12 – Additional guidance to the Global Environment Facility

Para. 5. *Invites* Parties to submit to the secretariat, by 17 August 2007, their views and recommendations on the funding available to them in the climate change focal area, for compilation by the secretariat for consideration and appropriate action at the Conference of the Parties at its thirteenth session and for transmission through the secretariat to the Council of the Global Environment Facility.

Background

- South Africa's indicative allocation for climate change, for the Fourth GEF cycle (2006-2010) is US\$ 23.9 million based on a GEF Benefit Index of 120 649, which represents 1.7% of the total GBI share. Thus South Africa's allocation for climate change per two year cycle is US\$11.95 million. GEF allocation rules allows only for 50% of the total amount to be accessed in the first two years (2007- 2008).
- There are currently two projects that have been approved under the RAF climate change allocation
 - 1st Cycle (2007 – 2008): Sustainable Public Transport and Sport: 2010.
 - 1st Cycle (2007-2008) & 2nd Cycle (2009-2010): Market Transformation through Energy Efficiency Standards and Labeling of Appliances in South Africa.
- South Africa's Climate Change strategies are focused on mitigation, adaptation and raising awareness. Adaptation measures are conducted primarily in the maize production, plant and animal biodiversity, and water resources.

Concerns

- Impact of shifting support for the SGP from GEF core funding. Under the new Resource Allocation Framework, GEF's approach is to shift support for the SGP from GEF core funding to individual countries. This applies to countries with a RAF allocation of more than \$15 million in either focal area. Under this policy - South Africa no longer qualifies for SGP

funding from GEF core funds. Instead South Africa had to channel a portion of its RAF climate change allocation (\$350 000) into the South African Small Grants Program. This has of course reduced the available amount in the climate change focal area. A longer-term challenge is how best to balance the demands of the SGP with available resources under GEF-4. South Africa is currently drafting a SGP- resource mobilization strategy to ensure appropriate levels of funding for South Africa's SGP program are available.

- The relationship between the SPA, the RAF and the adaptation resource needs of developing countries. The majority of GEF climate change funding has traditionally gone towards supporting mitigation projects. Adaptation is generally regarded as a priority for developing countries that are most vulnerable to the adverse effects of climate change. We note that resources for climate change adaptation projects are available from other funding windows (SPA, LDCCF, SCCF) and so cannot be funded through the RAF allocations. South Africa notes the Strategic Pilot on Adaptation – however the challenge is the extent to which “adaptation” can be mainstreamed into other focal areas, and to develop a clear operational approach. We look forward to the lessons learned from the pilot- SPA, which will help to inform how best GEF could support climate adaptation initiatives. South Africa further notes that the SCC and LDC are valuable avenues of support for climate change adaptation activities in developing countries. South Africa however, reiterates that there is a need to consider how to meet the future needs of some countries for adaptation assistance, which is likely to be extremely high.
- Concerns about the implications of the Resource Allocation Framework (RAF) in limiting the allocation of resources to developing countries, especially in Africa. Using the GBI as a means of allocation leads to the situation that smaller developing countries receive a smaller share of funding. The RAF's focus on those countries offering the greatest possibility for greenhouse gas reductions makes access (by smaller developing countries) to funding for climate change adaptation even more difficult.
- Possibility of regional projects under RAF climate change focal area. The new resource allocation system that determines the amount of money a country receives has made regional cooperation difficult under the climate change focal area. Countries that have not received individual allocations (but “group allocations”) already have very limited access to GEF resources for funding national projects – so contributing to regional initiatives is largely out of

the question. This is particularly the case for many African countries. Environmental effects resulting from climate change are cross-cutting and trans-boundary in nature. Localized mitigation has often times proved to be counter-productive. Attempting to reduce carbon emissions in South Africa alone for example would be beneficial indeed, however if regional counterparts do not collaborate on this issue, continued increase in carbon emissions in the region might nullify completely the positive contributions made by South Africa.

Recommendations

- A detailed examination of the financing issues of climate adaptation. Given the concerns about the adequacy of funds available for adaptation, and to the extent that COP decisions reflect developing countries adaptation needs, the GEF in consultation with the COP should assess the feasibility and viability of formulate an operational programme for adaptation, whilst paying attention to adaptation activities under the LDCF and SCCF.
- The COP should be active participants in the upcoming mid-term review of the RAF in 2008. It is critical that the GEF base its resource allocation on the needs and priorities of countries rather than utilising an ex-ante allocation based on an inequitably skewed formula.

PAPER NO. 6: URUGUAY

Additional guidance to the Global Environment Facility

Views and recommendations from Parties on the funding available to them in the climate change focal area

Submission from Uruguay

August 24, 2007

Following the invitation contained in the Decision 3/CP.12, paragraph 5, Uruguay would like to present its views and recommendations on the funding available in the climate change focal area, for compilation by the secretariat for consideration and appropriate action at COP 13 and for transmission through the secretariat to the Council of the Global Environment Facility.

In the framework of Uruguay's Second National Communication, submitted to the COP in 2004, a comprehensive Program of General Measures for Mitigation and Adaptation to Climate Change (PMEGEMA) was developed in coordination with all relevant stakeholders. The implementation of such measures was declared of political priority by the Government. The highest priority in the mitigation field was given to the development of renewable energies. Meanwhile, climate change adaptation measures in the sectors of coastal resources, agriculture and water resources were among the highest priorities identified.

In this context, Uruguay prepared and submitted to the GEF two mitigation medium-sized projects, supporting the national renewable energy program. These projects are related to wind and biomass power generation. Even though both projects were technically approved by the GEF, only the former one is being implemented while the latter is pending in the pipeline due to the RAF's 50% rule. This will negatively affect the success of the whole program.

Regarding adaptation to climate change, a medium sized project in one of the identified priority sectors ("Implementing Pilot Climate Change Adaptation measure in Coastal Areas of Uruguay"), is currently being submitted to the GEF through its Strategic Priority on Adaptation (SPA) Fund after a long period of three years of work, due to the lack of clear guidelines and procedures for this Fund. Project proposals in the other two relevant sectors (agriculture and water resources) are to be submitted once the Special Climate Change Fund is replenished.

Uruguay's Third National Communication is under preparation and shall be submitted to the COP on 2009. Thus, to maintain the momentum of the National Climate Change Program and to assure the continuity of the national communications process, it was necessary to allocate funds from the GEF Resources Allocation Framework (RAF) for the Fourth National Communication, considering that the 5th replenishment of the GEF will not be available at that time. This fact is rather unfair for a country that has been allocated with scarcely 3 million dollars and that has made all the efforts to fulfil with its commitments under the Convention and the Kyoto Protocol.

In this context, Uruguay believes that clear guidelines and expedited procedures for the SPA Fund are necessary to make full use of the available resources. Moreover, the Special Climate Change Fund has to be replenished in the short time with funds enough to support the activities identified by the developing countries. This shall include adaptation to climate change initiatives including

climate risk management ones, in light of the climatic extreme events that are affecting the countries of the region.

Uruguay also considers that for the next replenishment of the GEF, additional resources shall be committed to support all enabling activities identified by the developing countries. This shall also be in time so as to avoid that the countries with limited resources under the RAF have to make use of part of them for these enabling activities. Finally, these resources shall not be included or linked with the RAF.
