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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Conference of the Parties

Twenty-first session

Paris, 30 November to 11 December 2015

Item 12(c) of the provisional agenda

Matters relating to finance

**Report of the Green Climate Fund to the Conference of the Parties
and guidance to the Green Climate Fund**

Views and recommendations from Parties on the elements to be taken into account in developing guidance to the Green Climate Fund

Submissions from Parties

1. The Conference of the Parties (COP), by decision 7/CP.20, paragraph 26, invited Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the COP, their views and recommendations in writing on the elements to be taken into account in developing guidance to the Green Climate Fund.
2. In paragraph 27 of the same decision the COP requested the secretariat to compile the submissions received into a miscellaneous document for consideration by Parties in developing guidance through the Standing Committee on Finance to the Green Climate Fund.
3. The secretariat received one such submission on 15 September 2015. 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.¹

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

¹ The submission is also available at
<<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=COP>>.

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Luxembourg and the European Commission on behalf of
the European Union and its member States

**SUBMISSION BY LUXEMBOURG AND THE EUROPEAN COMMISSION ON BEHALF OF THE
EUROPEAN UNION AND ITS MEMBER STATES**

This submission is supported by Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia.

Luxembourg, 15 September 2015

**Subject: Views and recommendations on the elements to be taken into account in developing guidance to the
Global Environment Facility (GEF) and the Green Climate Fund (GCF)**

As a response to the call for submissions on views and elements to be taken into account in developing guidance to the GEF and the GCF respectively, the European Union and its Member States wish to submit the following:

The EU highly appreciates the work done so far by the Standing Committee on Finance (SCF), as commissioned particularly through COP 19 and COP 20 decisions, in providing advice to the qualitative improvement of providing guidance to the operating entities of the financial mechanism.

The EU refers particularly to the decision of COP 20 to endorse the recommendations on the provision of guidance to the operating entities included in the report of the SCF (para 10) to the COP:

- To conduct an analysis of past guidance provided in order to identify a set of core guidance to serve as a basis for the provision of future guidance in order to reduce redundancies, incoherence, and inconsistencies within the guidance provided to the operating entities;
- Increase collaboration between the SCF and the thematic bodies of the convention in the provision of draft guidance to the operating entities; and
- Consider the issue of complementarity between the operating entities (OE) and the funds they administer when the GCF is operationalised.

Furthermore, the EU also refers to the request by COP 20 to the SCF to provide advice on the issue of the frequency of the guidance to the Financial Mechanism (FM) and to report back to COP 21. In this context it is also important to take into account the COP 20 decision on the 5th review of the Financial Mechanism, i.e. to consider the timing of the guidance provided by the COP to the OE's of the FM, especially the guidance which has resource implications vis-à-vis the replenishment cycles of the OE's, to ensure that key guidance is fully considered in the programming strategies and policy recommendations of respective replenishment periods of the OE's.

The EU is very well aware of – and has through its SCF members substantially contributed to – the work in progress in all these issues within the SCF throughout this year. The EU looks forward to the outcome of this work to be presented in the report of the SCF to COP 21, including possible recommendations for additional guidance to the GEF and the GCF, based on the latest annual reports of the OE's to the COP and the input of the AC and the TEC.

The EU wishes to reiterate some of its key views on the above mentioned issues:

- The analysis of past guidance is highly needed as a practical way to reach a distinction between core guidance (both general and specific for the two entities) that would be in force overtime and revised mainly on the basis of regular reviews of the FM and in-depth evaluations of the performance of the OE's, and annual additional

guidance, which would derive from specific submissions from Parties for consideration by the COPs (or from thematic/technical discussions during the COPs);

- The increased collaboration between the SCF and the thematic bodies on guidance issues is also a way to clarify the roles of respective bodies and the sequence in providing guidance. Pragmatic collaboration between respective bodies would enhance the principle that the COP is the only body providing guidance to the FM, and that it is the task of the SCF to pool and provide advice to the COP in this respect;
- The complementarity between the roles of the two operating entities is to be seen as an iterative process, where the actual operationalization of the GCF is the key new element. This work would also gradually feed into the overall task of the SCF to consider issues related to the rationalisation of the Financial Mechanism.

When it comes to specific annual guidance to the GEF and the GCF respectively, the EU requests the SCF to review the guidance provided by COP 20 and the annual reports of the GEF and the GCF to COP21 on how this guidance has been implemented, and to consider very carefully, whether any additional guidance is required at this juncture.
