



Standing Committee on Finance

30 September 2019

Twenty first meeting of the Standing Committee on Finance
Bonn, Germany, 3–5 October 2019

Background paper on the draft guidance to the operating entities of the Financial Mechanism

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to agree on the draft guidance to the operating entities of the Financial Mechanism to be considered by the Conference of the Parties (COP) at its twenty-fifth session and the Conference of Parties serving as the meeting of Parties to the Paris Agreement (CMA) at its second session.

I. Possible actions for consideration by the Standing Committee on Finance

1. The Standing Committee on Finance (SCF) may wish to prepare the draft guidance to the operating entities of the Financial Mechanism. Compilation of submissions received on the draft guidance to the Green Climate Fund (GCF) and the Global Environmental Facility (GEF) are contained in the annex I and II, respectively.
2. The SCF may wish to note that the operating entities will release addendum to their annual reports after this meeting and before the COP 25. The GCF is planning to issue an addendum to its annual report, following the pledging conference for the first replenishment (24–25 October 2019) and the 24th meeting of the GCF Board (12–14 November 2019). The GEF will also issue an addendum on the status of resources approved for the preparation of national communications and biennial update reports. In this context, the SCF may wish to focus its deliberation on the draft guidance based on the information currently available in the annual reports of the operating entities to COP 25.¹ This approach will help the Committee to focus in preparing draft guidance that will remain as agreed even after the addendum reports are released.
3. Furthermore, to improve practicality and consistency of the guidance to the operating entities, the SCF may wish to consider the following criteria in preparing the draft guidance, to assess whether the submissions received are:²
 - (a) In line with the mandates of the operating entities;
 - (b) Ongoing and are being currently undertaken by the operating entities;
 - (c) Not contradictory to previous guidance given to the operating entities;
 - (d) Not duplicative of previous guidance.

¹ Advance versions of the reports are available at:
<https://unfccc.int/sites/default/files/resource/cp2019_03_advance.pdf>;
<https://unfccc.int/sites/default/files/resource/cp2019_5_adv.pdf>.

² The SCF has set these criteria to assess the inputs to the draft guidance to prevent the provision of any repetitive or contradictory guidance to the operating entities. For more information, see SCF document SCF/2017/15/11, paragraph 51 and FCCC/CP/2018/8, paragraph 32.

4. In assessing the submissions, the SCF may wish to utilize the database of previous guidance to the operating entities³ and invite the representatives of the secretariats of the operating entities present at the meeting to provide any latest information or clarification required by the SCF.

5. Finally, relating to the preparation of the draft guidance for the consideration of the COP and the CMA, the SCF may wish to recall its agreement from the previous meeting,⁴ that:

(a) A common set of draft guidance should be prepared for consideration both by the COP and the CMA;

(b) Should there be draft guidance that would need to be specifically considered by the CMA, this draft guidance should be clearly identified through a distinct heading within the common set of draft guidance.

II. Background

The Financial Mechanism of the Convention serving the Paris Agreement

6. The Financial Mechanism of the Convention is defined under Article 11 of the Convention,⁵ and its operating entities are accountable to and functions under the guidance of the COP, according to the Governing Instrument of the GCF,⁶ the Arrangements between the COP and the GCF,⁷ and the Memorandum of Understanding between the COP and the GEF.⁸

7. Furthermore, the Financial Mechanism of the Convention, including its operating entities, serves as the Financial Mechanism of the Paris Agreement, as per article 9.8 of the Paris Agreement.⁹ At its 21st session, the COP decided that the GCF and the GEF, the entities entrusted with the operation of the Financial Mechanism of the Convention, as well as the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), administered by the GEF, shall serve the Agreement.¹⁰

8. The COP decided that the guidance to the entities entrusted with the operations of the Financial Mechanism of the Convention in relevant decisions of the COP, including those agreed before adoption of the Paris Agreement, shall apply mutatis mutandis to the Agreement.

Preparation of the draft guidance to the operating entities for the consideration by the CMA

9. The CMA requested the SCF to prepare draft guidance for the entities entrusted with the operation of the Financial Mechanism, and on the LDCF and the SCCF, for consideration and adoption by the CMA at its second session (2–13 December 2019).¹¹ Provisional agendas of COP 25 and CMA 2 were published on 25 September 2019, containing agenda items on the guidance to the GCF and the GEF.¹²

10. The CMA, by its decision 3/CMA.1, paragraph 9, confirmed that it shall provide guidance to the operating entities *for transmission by the COP*. Following this confirmation, in Katowice, Parties under the CMA agreed on a set of guidance to the operating entities, as part of the Paris Agreement

³ Available at: <<https://unfccc.int/scf/scf-meetings-and-documents#eq-19>>. This Excel database contains all previous guidance provided to the operating entities and for instance, keyword searches can be undertaken to check repetitiveness or redundancies. The database was developed by the SCF, as part of its activities to improve the consistency and practicality of guidance to the operating entities. More information about the database can be found in the previous meeting documents of the SCF, including in SCF/2016/13/7 (see paragraphs 9 to 14) <https://unfccc.int/sites/default/files/scf13_bn_draft_guidance_to_oes.pdf>.

⁴ Paragraph 29 of SCF/2019/20/9.

⁵ See

<https://unfccc.int/files/essential_background/background_publications_htmlpdf/application/pdf/conveng.pdf#page=22>.

⁶ Decision 3/CP.17, annex.

⁷ Decision 5/CP.19, annex.

⁸ Decision 12/CP.2, annex.

⁹ See <https://unfccc.int/sites/default/files/english_paris_agreement.pdf#page=15>.

¹⁰ Decision 1/CP.21, paragraph 58.

¹¹ Decision 3/CMA.1, paragraph 8.

¹² The agendas are available at: <<https://unfccc.int/Santiago>>.

Work Programme package.¹³ The COP transmitted the guidance to the operating entities¹⁴ following the guidance recommended by the CMA.

11. The SCF may wish to note that the submission from the African Group contains the group's view relating to the procedure of the CMA providing guidance to the operating entities.¹⁵

Improvements in the timeliness of the submissions

12. In the context of the review of the functions of the SCF, the COP encouraged Parties and other constituted bodies to continue to provide submissions for the preparation of draft decisions on guidance to the operating entities, based on the reports of the operating entities, in a timely manner to the SCF.¹⁶ The SCF encouraged the provision of inputs in advance of the meeting of the SCF and within the deadline communicated by the SCF¹⁷ in order to address challenges that arose from receiving late submissions.¹⁸

13. This year, the annual report of the GCF was received by the secretariat on 2 September and the GEF report was received on 29 August. The secretariat circulated the report to the SCF, the Adaptation Committee and Technology Executive Committee and encouraged the Committees to provide their submissions by 13 September and 16 September for groups of Parties. The deadline set by the COP is 23 September.

14. As at 27 September 2019, the SCF received 12 submissions:¹⁹

- (a) One SCF member (Mr. Sergey Chestnoy);
- (b) The Adaptation Committee and the Technology Executive Committee;
- (c) Five groups of Parties (The African Group, the European Union, the G77 and China, the Independent Association of Latin America and the Caribbean and the Like-minded Developing Countries)
- (d) Four Parties (Australia, Canada, Japan and the United States of America).

15. The number of submissions has increased compared to last year, when six submissions were received on time²⁰ and the year before, when only four submissions were received on time.

¹³ A compiled list of guidance by the CMA to the operating entities that were agreed in Katowice can be found in SCF/2019/20/6, annex II.

¹⁴ See decision 5/CP.24 paragraph 12 and decision 6/CP.24, paragraph 22.

¹⁵ Available at: <<https://unfccc.int/sites/default/files/resource/AGN.pdf>>.

¹⁶ Decision 8/CP.23, paragraph 6–8.

¹⁷ SCF/2019/20/9, paragraph 30.

¹⁸ See SCF/2019/20/6, paragraphs 11–15.

¹⁹ All submissions are available at the SCF meeting documents page: <<https://unfccc.int/scf/scf-meetings-and-documents#eq-21>>.

²⁰ SCF/2018/19/3, paragraph 2.

Annex I

Compilation of submissions received on the draft guidance to the Green Climate Fund¹

| <i>Headings</i> | <i>Proposed draft guidance</i> | <i>Rationale and sources</i> | <i>To be considered by</i> | <i>Proposed by</i> |
|---|---|--|----------------------------|--------------------|
| Welcoming – Operations, accreditation and readiness | <p>The African Group of Negotiators welcomes the following progress, based on the provisions of the Governing Instrument and prior COP guidance:</p> <ol style="list-style-type: none"> 1. GCF operations have continued at a steady place during the reporting period. The Board has approved USD 5.2 billion to support the implementation of 111 climate change adaptation and mitigation projects and programmes in 99 developing countries. 2. A total of 88 entities are Board-approved for accreditation, subject to completing legal arrangements with GCF by signing and making effective their accreditation master agreement. To date, 47 entities have completed this process and have been able to fully operationalize their engagement with GCF. Of these 88 entities, 57 per cent are direct access entities and 43 per cent are international access entities. Among the above 88 entities, 16 are private sector entities, including both direct access entities and international access entities; and 3. At B.22, the Board adopted the revised strategy for the Readiness and Preparatory Support Programme | | | African Group |
| Welcoming – decision-making Process | The EU welcomes the adoption of a mechanism of “decision making in the event that all efforts at reaching consensus have been exhausted” at the 23 rd meeting of the Board, as mandated by the Governing Instrument | | | EU |
| Welcoming – capacity-building and readiness | <p>The EU stresses the importance of building capacities in countries and promoting long-term sustainability of interventions beyond project lifetimes and thereby emphasizes the need to enhance direct access and strengthen country ownership.</p> <p>The EU welcomes the initiatives taken by the GCF to enhance support for capacity building, including through the revised strategy for the readiness program agreed at B.22 and the project preparation facility</p> | | | EU |
| Welcoming – Integrity policies | <i>Welcomes</i> further development of integrity policies, notably the policy on prohibited practices, and the policy on the protection from sexual exploitation, sexual abuse, and sexual harassment | <u>Sources and references:</u> GCF Governing Instrument paragraphs 60, 68, 69 | | Australia |

¹ The headings contained in the annexes are only meant as an informal guide to navigate through the submissions received, and they will be removed prior to the finalization of the draft guidance. The rest of the columns are as received from the submissions, except for minor editorial revisions.

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| Policy gaps | <i>Urges</i> the Board to address remaining policy gaps, inter alia, matters related to incremental and full cost calculation methodology and policies on co-financing and concessionality, policy guidelines on the programmatic approach, mapping of elements related to project or programme eligibility and selection criteria, and matter related to GCF support to adaptation | This is required to deliver much-needed enhancements to the proposal approval process and investment framework. <u>Sources and reference:</u> Decision 5/CP.24, paragraph 3 | | Australia |
| Policy gaps | The EU strongly emphasizes the importance of addressing the GCFs remaining policy gaps, as specified in the Fund’s Governing Instrument and its Rules of Procedure, in particular a gender responsive approach as well as policies related to the approval of funding proposals, including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality and programmatic approach This also refers to further work necessary for improving its effectiveness and operational performance as highlighted in the forward-looking performance review in order to fulfil the Fund’s mandate of promoting the necessary paradigm shift towards low-emission and climate-resilient development pathways | | | EU |
| Performance review of GCF | The EU requests the findings of the Fund’s Performance Review to be properly considered when addressing remaining policy gaps and improving the Fund’s operations in the future The EU also underlines the importance of developing measurable goals for the first replenishment of the GCF, a robust results management framework and of developing the necessary tools for tracking the actual impact of the Fund’s activities, especially in terms of mitigation and adaptation | | | EU |
| Performance review of GCF | <i>Welcomes</i> the performance review of the GCF from the independent evaluation unit <i>Requests</i> the Board to adopt, action and report on a comprehensive management response to the findings of the independent evaluation unit | <u>Sources and references:</u> Report of the GCF to COP 25 (Section 11.6, paragraphs 178 and 199) | | Australia |
| Performance review of GCF | <i>Welcomes</i> the Forward-Looking Performance Review of the GCF and <i>encourages</i> the Board to consider the findings and recommendations as well as the management response as it provides continued direction to the Fund | Developed countries need a forward-looking review of the initial resource mobilization to inform any replenishment pledges and decision-making. | | USA |
| Performance review of GCF | <i>Welcomes with appreciation</i> the Forward-looking Performance Review of the GCF by the Independent Evaluation Unit and encourages the GCF to take necessary actions based on its findings <i>Encourages</i> the GCF to adopt the Evaluation Policy as soon as possible and consider the adequate way of cooperation and relations between the secretariat and the Independent Evaluation Unit in order to implement the Policy | The Independent Evaluation Unit plays a crucial role in the improvement of the GCF activities and the performance review is worthwhile mentioning as a direction the GCF is going to pursue in the next replenishment period. The Evaluation Policy needs to be adopted as soon as possible and the adequate burden sharing between the Secretariat and the Independent Evaluation Unit should be considered for the effective and efficient implementation of the Policy. <u>Sources and references:</u> Report of the GCF to COP 25 (Paragraphs 34–36) | COP / CMA | Japan |

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| 2020–2023 Strategic plan | The EU request[s] an effective inclusion of people and communities impacted by GCF activities, in particular with regards to environmental and social safeguards, including promotion of gender equality and the rights of indigenous people as well as civil society organizations’ and private sector organizations’ participation, and request concrete action points on these matters to be considered in the 2020–2023 Strategic Plan | | | EU |
| Full and agreed incremental cost | <i>Confirms</i> that in accordance with the Governing Instrument, the Fund will “finance agreed full and agreed incremental costs for activities to enable and support enhanced action on adaptation, mitigation (including REDD-plus), technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries” | | | African Group |
| Eligibility | Recalling that all developing country Parties to the Convention are eligible to receive resources from the Fund | <u>Sources and reference:</u> GCF Government Instrument, paragraph 35 | COP / CMA | G77 and China |
| Eligibility | The lack of progress on agreeing eligibility criteria for the Fund, including elements of full and incremental costs | | | African Group |
| Eligibility and financial instrument | A call for the GCF to ensure that the financial instrument required is analysed on the basis of each project and on the needs of each country, regardless of which developing country is behind the project. | Governing instrument, eligibility criteria | COP / CMA | LMDC |
| Financial instrument | Stresses the importance of grant-based resources for African countries and other developing countries, particularly for adaptation, and further stressing that climate action should not lead to increase in debt for African countries and other developing countries | | | African Group |
| Policies on financial terms and conditions | <i>Urges</i> the GCF to finalize policies on the review of the financial terms and conditions of GCF instruments and concessionality, incremental costs, and co-financing | These policies have been discussed for several Board meetings and should be finalized during 2020. <u>Sources and reference:</u> GCF Board decision B.19/06, paragraph (d) | | USA |
| Financial resources | It is critical to maintain adequacy and sustainability of the fund | | COP / CMA | G77 and China |
| Replenishment | Welcoming with appreciation the launch of the process of the first formal replenishment of GCF, while urging developed countries to increase their pledges dramatically to the GCF-1 replenishmentso as to ensure the sustainability of the Fund | <u>Sources and reference:</u> Report of the GCF to COP 25, paragraph 7. | COP / CMA | G77 and China |
| Replenishment | [The EU] remain[s] committed to work towards a timely, well-managed and successful replenishment process and its outcome for the GCF, noting that contributions from other potential contributors outside the EU are essential to ensure an ambitious collective replenishment | | | EU |

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| Replenishment | <i>Welcomes</i> the process of the first official replenishment of the GCF (GCF-1) and (<i>endorses</i> its outcomes endorsed by the B.24) and <i>encourages</i> other potential contributors, Parties, sub-national actors, private sectors, to join the GCF-1 | It is necessary to ensure some reference as the COP to the first official replenishment of the GCF. <u>Sources and reference:</u> Report of the GCF to COP 25, paragraphs 25–27. | COP / CMA | Japan |
| Replenishment | The first replenishment process reflects the level of ambition envisaged by the Parties to the Convention and Paris Agreement, reflecting “new, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private, and at the international and national levels” | | | African Group |
| Allocation of financial resources | A call for the GCF to allocate an appropriate level of resources from the replenishment process to the readiness programme, to the results-based payments programme and to a window to generate NDC implementation plans | | COP / CMA | LMDC |
| Initial resource mobilization | Concerns that despite pledges made during the Initial Resource Mobilization period, a number of pledges remain (a) unfulfilled and (b) no commitment agreements have been signed for the outstanding pledged amount | | | African Group |
| Pipeline Management | <i>Welcomes</i> the GCF’s rapid scaling up of funding proposal approvals and <i>encourages</i> the GCF to develop a structure for prioritization of proposals and for ensuring effective and efficient use of funds | | | USA |
| Access and disbursement | <i>Reaffirms</i> the necessity to focus on implantation and to speed up disbursement of funds to already approved projects as a key element of the GCF's operations in line with agreed disbursement schedules | This is of critical concern to LDCs and Small Island Developing States, including in the Pacific region. <u>Sources and references:</u> Decision 5/CP.24, paragraph 8 | | Australia |
| Access | <i>Notes with concern</i> despite decision 10/CP.22 and subsequent Board decisions to increase the number of direct access entity proposals in the pipeline, that funding proposals for 2019 indicated a total of 19 of which only 3 were from direct access entities, and only 1 was for a national direct access entity | | | African Group |
| Programmatic approach | <i>Requests</i> the GCF, as an operating entity of the Financial Mechanism, to promote the use of programmatic approaches, including national, regional, global, and cross-sectoral programs and to develop a programmatic approach modality to enable program development | Greater use of programmes is needed to allow GCF to reach the scale of operations it needs to tackle the climate challenge, yet policy and institutional barriers still exist. The most critical to address is development of a programmatic approach modality. <u>Sources and references:</u> <ul style="list-style-type: none"> • GCF Governing Instrument paragraph 36 • GCF Board decision B.07/03, paragraph (e) | | USA |

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| Adaptation | The lack of progress in clarifying GCF support to adaptation despite a clear Board mandate and a COP decision regarding the need to achieve a balance between adaptation and mitigation support and in the context of Article 7.1 of the Paris Agreement in which Parties established a global goal on adaptation for enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change | | | African Group |
| Adaptation | <i>Urges</i> the GCF to conclude its work as per the GCF Board Decision B.17/10 that called for guidance on the approach and scope for providing support to adaptation activities | The absence of this guidance is creating uncertainties in the process of accessing support for the elaboration and implementation of adaptation actions. <u>Sources and references:</u> <ul style="list-style-type: none"> • Board decision B.17/10 • GCF document GCF/B.17/21, page 11, paragraph 31(c)ii | | AC |
| Adaptation | <i>Urges</i> the GCF to finalize guidance on the approach and scope for providing support for adaptation activities, taking into account best practices at other multilateral funds and other approaches | B.17/10 requested guidance for consideration at B.19. This should be finalized during 2020. <u>Sources and references:</u> GCF Board decision B.17/10, paragraph (c)(ii) | | USA |
| Adaptation – NAPs | Concern regarding the slow pace of national adaptation plans (NAPs) approval noting that while 30 NAP proposals have been approved more than 48 remain in the pipeline waiting approval | | | African Group |
| Adaptation – NAPs and adaptation communications | A call for the GCF to address this issue in 2020, in a way that ensures continuous support for developing countries to implement their NAPs and their adaptation communications, now that they are developing them with the support provided to this end via the readiness programme | Implementation of nationally determined contributions (NDCs) and NAPs | COP / CMA | LMDC |
| Private Sector Strategy - adaptation | <i>Encourages</i> the GCF to increase the awareness among the private sector in developing countries of support available for private investment in adaptation through it concessional financial instruments that de-risk investments and grants for technical assistance, and to invite Parties to assist in awareness raising | <u>Sources and references:</u> GCF Board Decision B.19/17 | | AC |
| MSMEs and adaptation | <i>Encourages</i> the GCF to strive for an increase in proposals for adaptation projects under the pilot programme to support micro, small, and medium-sized enterprises (MSMEs) of developing countries | The workshop titled: Fostering engagement of the agri-food sector in resilience to climate organized jointly by the International Trade Centre and the AC reinforced the findings of the preparatory work undertaken in advance of the workshop. It underscored the importance of engaging the private sector in adaptation efforts, and the disproportionate vulnerability of certain private sector actors—in particular small-, medium-sized enterprises—to the impacts of climate change. ² | | AC |

² Workshop report available at: <https://unfccc.int/sites/default/files/resource/ac15_8a_ps_report_final.pdf>.

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| Private Sector Strategy | The EU welcomes the efforts made to engage the private sector in GCF activities and acknowledges results achieved so far. The EU encourages the secretariat to further strengthen the engagement with the private sector through different instruments such as innovative financing instruments, innovative cooperation options and streamlining the accreditation process including through developing an accreditation strategy | | | EU |
| Private Sector Strategy | <i>Requests</i> the GCF to finalize its Private Sector Facility Strategy to serve as a strategic road map of the Secretariat for leveraging, mobilizing, and engaging domestic and international private sector actors | The Board requested the Private Sector Facility Strategy at B.19 and it is key to ensuring the private sector facility continues to serve private sector needs effectively. | | USA |
| Private Sector Strategy | <i>Welcomes with appreciation</i> the first funding proposal under the Private Sector RFP-MRS was adopted at the B.23 and <i>encourages</i> the GCF to formulate more private sector funding proposals to achieve a paradigm shift toward low-emission and climate-resilient development <i>Welcomes</i> the development of the initial draft of the Private Sector Strategy and <i>encourages</i> the Board to finalize and adopt it in 2020 | It is crucial to mobilize the private finance to achieve the goals in both mitigation and adaptation and the GCF should play more proactive role to promote private finance mobilization in the developing countries <u>Sources and references:</u> Report of the GCF to COP 25 (Pages 25–27) | COP / CMA | Japan |
| Readiness Programme | <i>Encourages</i> the GCF to continue to strive for proposals that include stakeholder engagement of poor and vulnerable communities including women, youth, indigenous peoples in the Readiness Programme for NAPs | The Readiness Programme and other windows, such as the Simplified Approval Process (SAP), can support the development of stakeholder engagement processes in relation to country priorities. | | AC |
| Privileges and immunities | <i>Recommends</i> to the UN General Assembly that the Assembly consider providing an institutional linkage between the UN and the GCF that is consistent with the status of the Fund and the powers vested in the Board and a Secretariat that is fully independent and accountable to the Board, as stated in the Fund’s Governing Instrument, as approved by the COP in decision 3/CP.17 | See page 2 of the submission from the African Group: https://unfccc.int/sites/default/files/resource/AGN.pdf . | | African Group |
| Decision-making Process | <i>Requests</i> the GCF Board to prioritize development of procedures for approving decisions between meetings that ensure such decisions are consistent with the guiding principles of transparency and accountability | This policy is critical to allow the Board to take time-sensitive decisions between meetings in a consistent manner. <u>Sources and reference:</u> <ul style="list-style-type: none"> • GCF Rules of Procedure paragraph 41 • GCF Governing Instrument paragraph 3 | | USA |
| Gender | <i>Urges</i> the Board to adopt an updated gender policy and action plan in order to align with the UNFCCC gender action plan and increase gender-responsiveness of climate financing | The GCF Secretariat, following the adoption of the Gender Policy in 2015 and per the decision of the Board at B.12/16 has engaged in the updating of the Gender Policy and Action Plan to strengthen the integration of gender mainstreaming. The Board has requested the Secretariat to build on the progress made in the consultations on the draft document so far, to assess implementation considerations and submit an Updated Gender Policy and Action Plan for approval by its Board. <u>Sources and references:</u> <ul style="list-style-type: none"> • Report of the GCF to COP 25, section 10 • GCF Board decisions B.09/11 and B.12/16. | COP / CMA | Canada |

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| Regional approach and communication with countries | <p><i>Encourages</i> the Board to enhance the regional approach, defining, at national level, plans or actions regarding different aspects such as: finance, institutional arrangement, multi stakeholder engagement.</p> <p><i>Recommends</i> the opening of regional offices of the GCF, including with technical native speaking staff to address countries' needs, facilitate and expedite information and procedures (legal, administrative or technical nature) to access funding and start the implementation of projects.</p> <p><i>Encourages</i> the Board to enhance and update the process to develop country programmes, identifying the gaps and improving the communication between the GCF and NDA, considering the different national circumstances.</p> | The communication process between national governments and the GCF is difficult. In particular, there is a lack of coordination and support between the GCF and Chile. Chile still has a lack of guidelines and personalized advice from the GCF considering our own reality. | COP / CMA | AILAC |
| Enhanced support for Central Asia and Eastern European region | <p>To increase support to the Central Asia and Eastern Europe regions for the development of national institutions (national designated authority (NDA), direct access entities) to ensure access to the Fund, as well as for the preparation of specific projects</p> <p>Concrete measures may include regional and country training, translation of documentation, organization of a hotline for non-represented countries and so on.</p> | | | Mr. Sergey Chestnoy |
| Communication with countries | A call for the GCF Board to strengthen and develop policies to liaise with NDAs so that they can address their questions and requests for information in a more immediate way | Requests for information to the GCF currently take weeks to receive and answer, and the support that regional advisors provide is limited and usually requires consultations with headquarters, slowing communication instead of helping it. | COP / CMA | LMDC |
| Sectoral guidance | <i>Requests</i> the GCF, as an operating entity of the Financial Mechanism, to work with technical experts to finalize sectoral guidelines for GCF investments with the objective of establishing common understanding and expectations for GCF funded activities | | | USA |
| Scientific data for project preparation | A request for the GCF to ensure that sufficient additional resources are provided for countries that request it in order to generate scientific information related to possible projects or programmes | This is related to the continuous request of the GCF to provide more scientific information regarding funding proposals. Where this information is not available, developing countries should be provided resources to generate it or should be able to use IPCC level information, given that the fact they need resources to generate extensive information for project to address their need for resources makes no sense | COP / CMA | LMDC |
| Scientific data for adaptation strategies | <i>Invites</i> the GCF and GEF within their existing modalities to enhance the provision of support for developing countries to produce more accurate and reliable information and data on adaptation | Work conducted by the AC in the last years revealed that one challenge to the design of appropriate adaptation strategies is the availability and accessibility of climate-related data and information. In some cases, it is not only a problem of accessing the information, but also of adequately informing communities on the climate change risks and impacts in a clear and comprehensive way. | | AC |

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| <p>Technology</p> | <p><i>Welcomes</i> with appreciation efforts by the GCF to support climate technology, including by developing an approach to support incubators and accelerators and conducting activities to strengthen the linkages with the Technology Mechanism and invites the GCF to consider how to continue this programmatic focus in the first replenishment period of the GCF</p> | <p><u>Sources and reference:</u></p> <ul style="list-style-type: none"> • Report of the GCF to COP 25 (Section 10.3, paragraph 151) • Decision 5/CP.24, paragraph 3(e): COP 24 urged the Board to address policy gaps, including on the request for proposals to support climate technology incubators and accelerators, in accordance with GCF Board decision B.18/03. | <p>COP / CMA</p> | <p>TEC</p> |
| <p>Technology</p> | <p><i>Welcomes</i> the continued collaboration between GCF and Climate Technology Centre and Network (CTCN) and <i>notes</i> the potential for strengthened collaboration to address high priority needs to support transformational change shared across numerous countries</p> <p><i>Requests</i> that the Board to consider addressing these needs through support for large multi-country projects sponsored by the CTCN through its country driven approach</p> <p><i>Notes</i> the benefit of CTCN engagement in readiness proposals in helping build the GCF project pipeline, and <i>encourages</i> greater engagement by the GCF of technology focal points in project decision-making</p> | <p>The GCF and CTCN were created simultaneously in 2010 and designed to work together. Closer cooperation between GCF and CTCN has been mandated by the COP, and increased GCF funding of technical assistance, in line with both GCF priorities and country requests to the CTCN, would be the best embodiment of that cooperation.</p> <p>CTCN and GCF collaboration has been increasing, such as through a number of readiness projects approved to date. The GCF has reported very positive experiences with the CTCN as a service delivery partner, due in part to the CTCN's large Network as well as its experience and expertise in navigating the project development process. As such, collaboration with CTCN has also resulted in reduced transaction costs for the GCF.</p> <p>Both the GCF and the CTCN are placing increased priority on regional projects to enable greater impact and efficiency. The CTCN has the partnerships and processes in place to deliver help identify and deliver on multi-country projects addressing high priority needs on a regional level.</p> <p>The regional approach of the CTCN is already leading to multi-country thematically focused approach for GCF readiness proposals at a sub-regional level and has the potential of regional harmonisation and market aggregation which would lead to greater private sector interest. This also ensures economies of scale for GCF along with adhering to the country driven approach.</p> | <p>COP / CMA</p> | <p>Canada</p> |
| <p>Technology</p> | <p><i>Welcomes</i> the GCF's efforts to enhance the reporting of technology related activities in funding proposals and <i>encourages</i> the GCF to continue to facilitate tracking of technology investments and its reporting</p> | <p>The GCF Governing Instrument mandates (para 35 and 38) that GCF will finance agreed full and agreed incremental costs for activities to enable and support enhanced technology development and transfer, including innovative approaches.</p> <p><u>Sources and reference:</u> Report of the GCF to COP 25, paragraph 100.</p> | <p>COP / CMA</p> | <p>TEC</p> |

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| Technology | <i>Invites</i> the GCF to enhance the information in its reports to the COP on how the GCF has collaborated with the CTCN and the TEC in enhancing support for technology development and transfer in accordance with the Technology Framework adopted by decision 15/CMA.1 | The technology framework under the Paris Agreement provides overarching guidance to the work of the Technology Mechanism in the thematic areas of innovation, implementation, enabling environment and capacity-building, collaboration and stakeholder engagement and support. Actions and activities highlighted under its thematic area of support highlight the importance of enhancing collaboration of the Technology Mechanism with the Financial Mechanism for enhanced support for technology development and transfer. <u>Sources and reference:</u> Report of the GCF to COP 25, section 5.4. | COP / CMA | TEC |
| Technology | Concerns that COP decision 7/CP.21 remains un-implemented, despite a clear mandate in paragraph 38 of the Governing Instrument to “to consider ways to provide support, pursuant to the modalities of the GCF, for facilitating access to environmentally sound technologies in developing country Parties, and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action” | | | African Group |
| Technology for agriculture | The African Group remains concerned that adoption of climate-resilient and low-emission practices and technologies in agriculture are still not at desirable levels. It is estimated that current technologies and practices only deliver 21–40% of the emissions reductions needed in agriculture to meet the Paris Agreement goal of limiting global warming to 2°C. If agriculture is to deliver its share in realizing the Paris Agreement goals and the SDGs, climate-resilient and low-emission practices and technologies will need to be scaled up. In addition, new technologies and practices will need to be developed, and effective research and innovation systems are needed | | | African Group |
| Indigenous Peoples | <i>Invites</i> the GCF to prioritize funding for projects for adaptation actions that include specific and direct access for indigenous peoples | <u>Sources and reference:</u> <ul style="list-style-type: none"> • Report on the joint meeting on available tools for the use of indigenous and traditional knowledge and practices for adaptation, needs of local and indigenous communities and the application of gender-sensitive approaches and tools for adaptation, organized by the AC and the NWP, which was held in Bonn, Germany, from 1 to 4 April 2014.³ • Decision 1/CP.16 • Paris Agreement • Decision 1/CP.21 • GCF Board decision B.15/01 | | AC |

³ Meeting report available at: <https://unfccc.int/sites/default/files/resource/docs/2014/sbsta/eng/inf11.pdf>.

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| <p>Independent Accountability Mechanisms</p> | <p><i>Welcomes</i> the establishment of a robust independent accountability mechanism and <i>requests</i> the GCF to ensure the smooth functioning of the independent units including through prompt approvals of their budgets and work plans</p> | <p><u>Sources and reference:</u> Report of the GCF to COP 25, section 10.3, paragraph 151.</p> | | <p>USA</p> |
| <p>Cooperation with other institutions</p> | <p><i>Encourages</i> the Fund to expand and promote the cooperation with other operating entities of the Financial Mechanism on climate change as well as other multilateral and bilateral organizations, which is conducive to play its role and spread the influence of combating the climate change</p> | <p><u>Sources and reference:</u> GCF Government Instrument, paragraph 33–34</p> | <p>COP / CMA</p> | <p>G77 and China</p> |

Annex II

Compilation of submissions received on the draft guidance to the Global Environment Facility¹

| <i>Headings</i> | <i>Proposed draft guidance</i> | <i>Rationale and sources</i> | <i>To be considered by</i> | <i>Proposed by</i> |
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| Welcoming – work program | The EU welcomes the approval by the GEF Council in June 2019 of the biggest work program of USD 865.9 million including four Impact Programs intended to further catalyze transformational change and thereby the start of the implementation of the GEF-7 Programming Directions and Policy Recommendations | | | EU |
| Welcoming – climate change focal area strategy | The EU welcomes the actions taken by the GEF on incorporating innovation and technology development and transfer into the overall GEF-7 Climate Change Focal Area Strategy. The shift towards low-GHG-emission and climate-resilient development pathways, to support the overall mitigation targets of and adaptation efforts under the Paris Agreement is of utmost importance | | | EU |
| Welcoming – fiduciary standards | <i>Welcomes</i> development of GEF's fiduciary standards, including new anti-money laundering and countering the financing of terrorism policy requirements | | | Australia |
| Welcoming – GEF-7 emission reductions | <i>Welcomes</i> the doubling of GHG emission reductions during this programming period despite a 36 per cent reduction in funding for the climate focal area | | | Australia |
| Welcoming – GEF-7 programming approach | <i>Welcomes</i> enhanced and efficient programming approach adopted for GEF | | | Australia |
| GEF resources under climate change focal area | Due to the sharp decrease on climate change in the GEF-7, the GEF should pay high attention to the adequacy of the resources to ensure its sustainability | | COP / CMA | G77 and China |

¹ The headings contained in the annexes are only meant as an informal guide to navigate through the submissions received, and they will be removed prior to the finalization of the draft guidance. The rest of the columns are as received from the submissions, except for minor editorial revisions.

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| Fiduciary standards | <i>Welcomes</i> the GEF Secretariat's ongoing comprehensive review and forthcoming update of the GEF's minimum fiduciary standards and <i>requests</i> that updates on this work be included in the GEF's report to COP 26 | This is a positive step towards ensuring that the quality and effectiveness of the GEF's minimum fiduciary standards are maintained and, where possible, improved upon. Contingent on the GEF Council's approval of these updated standards at its 57 th Council Meeting, we look forward to the complete, third-party assessment of GEF Agencies' compliance, including on anti-money laundering and countering the financing of terrorism. <u>Sources and reference:</u> <ul style="list-style-type: none">• GEF document GEF/C.55/Inf. 15 <i>Review of the minimum fiduciary standards of GEF agencies: preliminary findings (page 8)</i>• GEF document GEF/C.56/07/Rev.01 <i>Status of agencies' compliance with minimum requirements on anti-money laundering and countering the financing of terrorism (page 2)</i> | | USA |
| Co-benefits across focal areas | The EU encourages the GEF to pursue a coherent approach between focal areas by prioritizing projects with co-benefits in other areas, such as prioritizing projects in areas of environment and biodiversity that also provide co-benefits in the areas of adaptation | | | EU |
| Stakeholder Engagement in Impact Programs | <i>Encourages</i> the GEF to improve multi-stakeholder engagement to effectively implement multi-regional/ multi-focal-area work programs, such as the Impact Programs, to minimize duplication of effort and to maximize impact. | An increase in the size and scope of work programs through the impact programs necessitate the involvement of multiple appropriate stakeholders, in order to better analyze the barriers to, and enablers of, scaling and transformation in the respective areas and to minimize duplication of effort by other international organizations. For example, GEF, by involving such relevant entities, as appropriate, through its Partner Agencies in work program steering committees could avoid such incidents, while maximizing impact. (e.g. Involve the relevant focal/partner agencies of Collaborative Members of Forests for effective implementation of climate/forest-related programs, for example). <u>Sources and reference:</u> GEF document GEF/STAP/C.56/Inf.04. | COP / CMA | Japan |
| CBIT | A request for the GEF to allocate additional resources to CBIT and ensure that all requests presented by developing countries are addressed, without imposing a cap | GEF has informed countries that they only had 50 million dollars for CBIT and with an imposed cap of 1 million per country (which was arbitrarily overlooked in certain cases). Very few countries could access it and on a one time only opportunity, which is far from addressing their capacity building needs to appropriately fulfil the transparency requirements of the PA. | COP / CMA | LMDC |

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| Eligibility criteria | Recalling that all developing country Parties to the Convention are eligible to receive resources from the Fund, including the support of the CBIT in GEF-7 | Sources and reference: Report of the GEF to COP 25, paragraph 64. | COP / CMA | G77 and China |
| Eligibility criteria | A request for the GEF to provide resources to all developing countries that request them, in the context of the UNFCCC | Political blockades to developing countries should not prevent the operating entities of the Financial Mechanism of the UNFCCC from fulfilling their role. | COP / CMA | LMDC |
| Private sector | <i>Welcomes</i> the constitution of the Private Sector Advisory Group and <i>requests</i> an update on the GEF's forthcoming private sector strategy and subsequent private sector engagement in the GEF's report to COP-26 | The constitution of the Private Sector Advisory Group (PSAG) is a positive step towards deepening the GEF's private sector engagement. We look forward to further updates on the work of the GEF Secretariat and the PSAG in this area <u>Sources and reference:</u> <ul style="list-style-type: none"> • GEF document GEF/C.56/Inf.05 <i>Private Sector Advisory Group Composition</i> | | USA |
| Gender | The EU welcomes progress in implementing the GEF's Gender Strategy and a gender responsive approach, and encourages the GEF to continue the integration of gender equality throughout all of its activities | | | EU |
| Technology – Reporting | <i>Invites</i> the GEF to enhance the information in its reports to the COP on: (a) How the GEF has collaborated with the CTCN and the TEC in enhancing support for technology development and transfer in accordance with the Technology Framework adopted by decision 15/CMA.1; (b) Private sector engagement in response to decision 10/CP.23; (c) Activities that build upon results achieved by projects funded by the Poznan Strategic Programme on Technology Transfer; (d) The GEF's response to COP guidance on technology-related matters | (a) The technology framework under the Paris Agreement provides overarching guidance to the work of the Technology Mechanism in the thematic areas of innovation, implementation, enabling environment and capacity-building, collaboration and stakeholder engagement and support. Actions and activities highlighted under its thematic area of support highlight the importance of enhancing collaboration of the Technology Mechanism with the Financial Mechanism for enhanced support for technology development and transfer. (b) COP 23 encouraged the GEF to further enhance engagement with the private sector, including in its technology projects. (c) The Poznan strategic programme's regional climate technology transfer and finance centres were established to generate lessons learned to help inform the Technology Mechanism. In addition, there are potential synergies in the activities undertaken by the centres and the Climate Technology Centre and Network. (d) To enhance understanding of GEF's response to COP guidance. <u>Sources and reference:</u> Report of the GEF to COP 25: (a) part III, section 4; (b) Part II, section 2; (c) Paragraphs 158 and 161–164; (d) Part I (e.g. page 8) | COP / CMA | TEC |

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| Technology – TNA | <p><i>Welcomes</i> the financial support provided by the GEF to developing countries for conducting Technology Needs Assessments (TNAs) and <i>encourages</i> the GEF to continue to provide such support to developing countries for conducting or updating their TNAs</p> <p>It further <i>encourages</i> the GEF, in collaboration with the GEF country focal points, to promote the utilization of TNAs to facilitate the financing and implementation of technology actions prioritized by the countries in their TNAs, within the scope of its mandate and its operational modalities</p> | <p>To determine their climate technology priorities, countries undertake technology needs assessments (TNAs). A TNA supports national sustainable development, builds national capacity and facilitates the implementation of prioritized climate technologies to support climate mitigation and adaptation actions.</p> <p><u>Sources and reference:</u> Report of the GEF to COP 25, paragraph 181.</p> | | TEC |
| Technology – TNA and TAP | <p><i>Welcomes</i> the GEF’s continued prioritization of climate technology and <i>encourages</i> the GEF to continue to explore how Technology Needs Assessments and Technology Action Plans (TAP) relate to NDC implementation and NAP processes</p> | <p>It is important to reiterate that while the GEF prioritizes climate technology investments, it does not actively do so through regional centres of the CTCN. There are no set aside resources available to support regional centres or the CTCN, as these elements were not included as part of the GEF-7 replenishment package. Countries can choose to include the CTCN in their project design in a country-driven manner, but so far this has not really happened. We understand the continual effort by the GEF to align the TNAs and TAPs with the NDC and NAP process to be positive steps towards efficient and effective climate reporting</p> | | USA |
| Technology – the GEF focal points and NDEs | <p><i>Invites</i> the GEF to encourage continued collaboration between GEF country focal points and the national designated entities for technology development and transfer, including on the use of STAR allocations, to support the implementation of climate priorities included in their NDCs</p> | <p>Strengthened collaboration between GEF country focal points and the national designated entities (NDEs) for technology development and transfer would enhance coherence between the support provided by the GEF and that provided by the CTCN for technology transfer activities</p> <p><u>Sources and reference:</u> Report of the GEF to COP 25, page 9, paragraphs 2 and 7.</p> | COP / CMA | TEC |
| Supporting the GEF focal points | <p><i>Requests</i> the GEF to guide implementing entities that deliver small donations to coordinate project definition and implementation processes with focal points in each country</p> | <p>There is a significant need to increase capacities for the definition of projects and implementation processes in our countries</p> | | AILAC |
| Disclosure of documents | <p><i>Welcomes</i> the GEF Council’s decision to enhance reporting requirements for work programs, particularly improving the disclosure of monitoring and evaluation documents and data on the website, and <i>urges</i> that any issues requiring attention be reported promptly.</p> | <p>The need to enhance disclosure and immediately address and report on problems surfacing at work projects is critical to retaining credibility and limiting reputational and financial risk of the GEF. <i>Foreign Policy</i> reported on an incident of this nature linked to an energy efficiency project, highlighting the need for enhanced monitoring and evaluation procedures.</p> <p><u>Sources and reference:</u></p> <ul style="list-style-type: none"> • GEF document GEF/C.56/03/Rev.01, Annex I; • GEF document GEF/C.55/07/Rev.01; • GEF document GEF/C.56/05/Rev.01. | COP / CMA | Japan |

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| Evaluation | The EU takes note of the first evaluation of the GEF by the Multilateral Organization Performance Assessment Network and <i>welcomes</i> its recommendations | | | EU |
| Evaluation | Welcomes the GEF Council's decision to update minimum requirements for evaluation for all GEF-financed activities, and <i>encourages</i> stakeholders such as expert bodies to support evaluation activities directly and through steering committees of work programs, and provide outside perspectives and expertise in a balanced, and credible manner | The credibility of the evaluation process should be enhanced significantly with the involvement of expert international organizations, academic institutions and private sector entities if conducted in a comprehensive, balanced and transparent manner in accordance with the stakeholder engagement policy. <u>Sources and reference:</u> GEF document GEF/ME/C.56/02/Rev.01, paragraph 68. | COP / CMA | Japan |
| Evaluation | <i>Requests</i> the GEF to enhance disclosures on private sector involvement in the evaluation process, in accordance with relevant GEF policies, in order to facilitate private sector participation and preventing potential conflicts of interest and potential reputational risks to the Convention | It is imperative to increase transparency and regular disclosures on actors and activities of the private sector for accountability, in order to stimulate further investor interest under ESG as well as to prevent conflicts of interest and potential reputational risks to GEF and the Convention. Currently, disclosures on the private sector are limited in work program documents. <u>Sources and reference:</u> <ul style="list-style-type: none"> • GEF/ME/C.56/02/Rev.01; • SD/GN/01. | COP / CMA | Japan |
| LDCF | The EU recognizes the work done by the GEF secretariat in relation to the graduation of the LDCs in the context of the LDCF as reflected in document GEF/LDCF.SCCF.25/Inf.06 Information Note on Least Developed Countries Fund Support for Graduating Least Developed Countries. | | | EU |
| Scientific data for adaptation strategies | <i>Invites</i> the GCF and GEF within their existing modalities to enhance the provision of support for developing countries to produce more accurate and reliable information and data on adaptation | Work conducted by the AC in the last years revealed that one challenge to the design of appropriate adaptation strategies is the availability and accessibility of climate-related data and information. In some cases, it is not only a problem of accessing the information, but also of adequately informing communities on the climate change risks and impacts in a clear and comprehensive way. | | AC |
| Adaptation communications | <i>Invites</i> the GEF, in line with its existing mandate, to consider channelling support to developing country Parties for the preparation and submission of their adaptation communications, as a component of, or in conjunction with, other communications or documents, including a NAP, a NDC as referred to in Article 4, paragraph 2, of the Paris Agreement, and/or a national communication | The AC would like to reiterate this invitation from decision 9/CMA.1, paragraph 20, in order to emphasize the importance of expediting support from the GEF to developing country Parties for the preparation and submission of their adaptation communications. For those developing country Parties that choose to submit their adaptation communication as a component of, or in conjunction with, their NDC, many are currently in the process of revising their NDC and may be looking for resources. | | AC |

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| Asset management by the trustee | The EU welcomes the progress made on developing Responsible Investment Guiding Principles by the World Bank as Trustee of the GEF and looks forward to the proposal to be presented in the GEF council for an ESG Investment Strategy for the GEF Trust Fund as soon as possible, so as to ensure that the asset management by the trustee is aligned with the goals set in the Paris Agreement | | | EU |
| Reporting on the engagement of non-governmental actors | Inviting GEF to prepare information on the participation of non-Parties such as the private sector, enterprises and non-governmental organizations in various areas of climate, so that Parties can obtain clearer judgments in up-coming reports | Sources and reference: < http://www.thegef.org/partners > | | G77 and China |
| Cooperation with other institutions | <i>Encourages</i> the GEF to expand and promote the cooperation with other operating entities of the Financial Mechanism on climate change as well as other multilateral and bilateral organizations, which is conducive to play its role and spread the influence of combating the climate change | | COP / CMA | G77 and China |
| Additional guidance to the GEF | With the new programming priorities and policy recommendations for the GEF-7, Parties should carefully consider whether new guidance from the COP is needed at this juncture | | | EU |