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## Conference of the Parties

Twenty-sixth session

Glasgow, 31 October to 12 November 2021

Agenda item 8(d)

**Matters relating to finance**

**Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility (for 2020 and 2021)**

### Matters relating to finance

#### Proposal by the President

#### Draft decision -/CP.26

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

*The Conference of the Parties,*

*Recalling* decision 11/CP.1, paragraph 1(c), and decision 13/CP.25,

*Noting* paragraph 9(b) of the Instrument for the Establishment of the Restructured Global Environment Facility,<sup>1</sup>

1. *Welcomes* the reports of the Global Environment Facility to the Conference of the Parties at its twenty-sixth session and their addenda,<sup>2</sup> including the responses of the Global Environment Facility to guidance received from the Conference of the Parties;
2. *Also welcomes* the work undertaken by the Global Environment Facility during its reporting period (1 July 2019 to 30 June 2021), including with regard to:
  - (a) Approval of the climate change projects and programmes approved during the reporting period under the Global Environment Facility Trust Fund, the Least Developed Countries Fund and the Special Climate Change Fund;
  - (b) Integration of climate change priorities into its other focal areas and the reduction in greenhouse gas emissions achieved through such integration;
  - (c) Improvement in coordination with the Green Climate Fund;

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<sup>1</sup> Global Environment Facility. 2019. *Instrument for the Establishment of the Restructured Global Environment Facility*. Washington, D.C.: Global Environment Facility. Available at <https://www.thegef.org/documents/instrument-establishment-restructured-gef>.

<sup>2</sup> FCCC/CP/2020/1 and Add.1 and FCCC/CP/2021/9 and Add.1.



- (d) Adoption of its private sector engagement strategy;<sup>3</sup>
  - (e) Adoption of the sustainable bond strategy for the Global Environment Facility Trust Fund;<sup>4</sup>
3. *Encourages* the Global Environment Facility, as part of the eighth replenishment process, to duly consider ways to increase the financial resources allocated for climate action, including the climate change focal area and climate co-benefits, taking into account the reporting requirement referred to in paragraph 6 of decision -/CMA.3,<sup>5</sup> and to apply a coherent approach across its focal areas to prioritizing projects that generate environmental co-benefits;
  4. *Calls upon* developed country Parties to make financial contributions to the Global Environment Facility to contribute to a robust eighth replenishment of the Global Environment Facility to support developing countries in implementing the Convention and *encourages* additional voluntary financial contributions to the eighth replenishment of the Global Environment Facility;
  5. *Takes note* of ongoing discussions on the eighth replenishment process regarding its allocation policies under the System for Transparent Allocation of Resources and *invites* the Global Environment Facility to duly consider the needs and priorities of developing country Parties when allocating resources to developing country Parties;
  6. *Takes note* of the ongoing work of the Global Environment Facility in monitoring the concentration and geographical and thematic coverage, as well as the effectiveness, efficiency and engagement, of the Global Environment Facility Partnership and *encourages* the Global Environment Facility to consider ways to enhance participation of additional national and regional entities from developing country Parties in the Partnership, including by allowing them to serve as executing agencies, as appropriate;
  7. *Requests* the Global Environment Facility to consider ways to further enhance the role of national agencies and civil society organizations as executing agencies in order to enhance country ownership of projects and programmes funded by the Global Environment Facility and prevent implementing agencies from serving simultaneously as executing agencies;
  8. *Welcomes with appreciation* the contributions made by developed country Parties to the Least Developed Countries Fund, amounting to USD 605.3 million, and *encourages* additional voluntary financial contributions to the Fund and the Special Climate Change Fund to support adaptation and technology transfer;
  9. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Special Climate Change Fund, to continue to assist developing country Parties in accessing resources in an efficient manner;
  10. *Calls upon* the Global Environment Facility to continue to improve the governance framework for its agencies and the standards to which the implementing partners are accountable;
  11. *Takes note* that financial resources allocated for the non-grant instrument under the seventh replenishment of the Global Environment Facility increased to USD 136 million from USD 110 million under the sixth replenishment and *encourages* the Global Environment Facility, during its discussions on the instrument under the eighth replenishment, to continue to take into account needs and priorities of developing countries, as well as their different national circumstances;
  12. *Requests* the Global Environment Facility to consider updating its policy on gender equality to include protection against discrimination;

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<sup>3</sup> See Global Environment Facility document GEF/C.59/07/Rev.01. Available at <https://www.thegef.org/documents>.

<sup>4</sup> See Global Environment Facility document GEF/C.59/12.

<sup>5</sup> Draft decision entitled “Guidance to the Global Environment Facility” proposed under agenda item 8(c) of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session.

13. *Recognizes* that the Global Environment Facility does not impose minimum thresholds and/or specific types or sources of co-financing or investment mobilized in its review of individual projects and programmes;<sup>6</sup>
14. *Encourages* the Global Environment Facility to reinforce its efforts to engage with and mobilize resources from the private sector under its eighth replenishment;
15. *Takes note* of ongoing discussions within the Global Environment Facility concerning the Small Grants Programme under the eighth replenishment and *invites* the Global Environment Facility to consider increasing the funding ceiling per project to provide adequate financial and technical support to communities and civil society organizations;
16. *Urges* the Global Environment Facility to enhance its support for projects that engage with stakeholders at the local level, and to continue to provide funding for projects related to technology training and scale up South–South cooperation and triangular cooperation with the Technology Executive Committee and the Climate Technology Centre and Network;
17. *Welcomes* the long-term vision on complementarity, coherence and collaboration between the Green Climate Fund and the Global Environment Facility<sup>7</sup> and *requests* the Global Environment Facility Council to enhance coherence and complementarity with other climate finance delivery channels with a view to enhancing the impact and effectiveness of its work;
18. *Also requests* the Global Environment Facility, as part of the eighth replenishment process, to take note of the needs and priorities for climate finance, including those identified in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement,<sup>8</sup> nationally determined contributions, national communications and national adaptation plans, as well as in other sources of available information, including the biennial assessment and overview of climate finance flows and other relevant reports;
19. *Invites* Parties to submit views and recommendations on elements of guidance for the Global Environment Facility via the submission portal<sup>9</sup> no later than 10 weeks prior to the twenty-seventh session of the Conference of the Parties (November 2022);
20. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 19 above when preparing its draft guidance for the Global Environment Facility for consideration by the Conference of the Parties at its twenty-seventh session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022);
21. *Also requests* the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;
22. *Takes note* of decision -/CMA.3<sup>10</sup> and *decides* to transmit to the Global Environment Facility the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 24–32 of that decision.<sup>11</sup>

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<sup>6</sup> Global Environment Facility document GEF/C.54/10/Rev.01, annex I, para. 5.

<sup>7</sup> Contained in Global Environment Facility document GEF/C.60/08, annex I.

<sup>8</sup> Standing Committee on Finance. 2021. *First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*. Bonn: UNFCCC. Available at <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>.

<sup>9</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

<sup>10</sup> As footnote 5 above.

<sup>11</sup> In accordance with decision 1/CP.21, para. 61.