

## SUBMISSION BY SLOVENIA AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES

### Views and recommendations on elements to be taken into account in developing guidance for the Global Environment Facility

16 September 2021

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#### 1 INTRODUCTION

1. The EU and its Member States welcome the opportunity to send inputs for consideration by the SCF when developing draft guidance to the operating entities of the Financial Mechanism (FM). In providing the draft guidance we emphasize the importance of the SCF undertaking an analysis of existing guidance and distinguishing between more long-term *core guidance* to the FM to be revised mainly on the basis of the regular reviews of the FM and, where needed, *annual* additional guidance. This is key to reducing redundancies, incoherence, and inconsistencies within the guidance provided to the operating entities.
2. The EU also refers to the request by COP20 to the SCF to provide advice on the issue of the *frequency* of the guidance to the Financial Mechanism. Furthermore, we would like to note that giving guidance to the operating entities should be limited to the specific agenda item under COP and CMA and avoid preempting decisions that fall under the mandate of the Boards of those entities, including on matters related to the replenishment cycles of the operating entities.
3. The EU and its Member States welcome the recent work undertaken by the two operating entities of the FM on complementarity and coherence and encourages further division of labor taking into consideration the comparative advantages of each entity in an evolving climate finance architecture in order to enhance effectiveness and efficiency, building on the "Long-term vision on complementarity, coherence and collaboration between the Green Climate Fund and the Global Environment Facility".

The EU and its Member States highly appreciate the work done so far by the SCF in providing advice on the qualitative improvement of providing guidance to the operating entities of the FM, in line with existing procedures as specified in decision 5/CP.24, paras. 9–10, and decision 2/CP.17, para. 121(c). We stress the importance of the SCF's work to assist the COP and the CMA in making efficient use of negotiating time and therefore the importance of the SCF's draft guidance being carefully considered and given due regard by Parties. In this context we reiterate our request to the SCF to

carefully consider where additional guidance is necessary and to appropriately focus its work in this regard to avoid micromanagement of the operating entities.

4. The remainder of this submission sets out key issues that may be considered by the SCF in its deliberations.

## 2 GUIDANCE REGARDING THE GLOBAL ENVIRONMENT FACILITY

1. The EU and its Member States welcome the approval by the GEF Council of several ambitious work programs since guidance to the GEF was provided last time. We also welcome the launch of the eighth replenishment period of the GEF (GEF-8).
2. The EU and its Member States welcome 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.
3. Being an important operating entity of the UNFCCC's financial mechanism, but also the operating entity of the financial mechanisms of four other UN Conventions<sup>1</sup>, the GEF is the only multilateral financial instrument covering the various dimensions of the global climate and environmental crisis. The EU and its Member States hence recognize the GEF as a key instrument to support projects benefiting both climate action and action in other key areas, such as biodiversity or land and ocean degradation. We encourage the GEF to pursue a coherent approach between focal areas by prioritizing projects with co-benefits across various areas, in particular by prioritizing projects in the area of climate change that also provide co-benefits in the areas of environment preservation and biodiversity and ocean conservation.

The EU and its Member States welcome the actions undertaken by the GEF following cases of mismanagement of GEF funding in projects managed by one of its implementing agencies. In order to improve its effectiveness in delivering sustainable results during GEF-8, we call on the GEF to continue improving its governance framework related to partner agencies and the standards its implementing partners are held accountable to. We call on the GEF to ensure that recipient countries have appropriate access to the GEF resources through its diverse network of implementing agencies, and that special attention is given to those most in need, such as LDCs and SIDS. The EU and its Member States call on the GEF to assess and limit the risks induced by the current level of funding's concentration on some of its Agencies.

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<sup>1</sup> In addition to the UNFCCC, the GEF serves as financial mechanism of the UNCBD, the UNCCD, the Stockholm Convention on Persistent Organic Pollutants and Minamata Convention on mercury.

4. The EU and its Member States underline the potential of GEF's funding to contribute to the broader resource mobilization for climate change, including through enhanced mainstreaming of climate objectives in project support. In this regard, we welcome the adoption of the "Private Sector Engagement Strategy" by the GEF Council at its 59<sup>th</sup> meeting and encourage the GEF to reinforce its efforts to mobilize and engage with the private sector during GEF-8.
5. The EU and its Member States welcome the adoption of the "Sustainable Bond Strategy" by the GEF Council during its 59<sup>th</sup> meeting and look forward to additional steps to ensure that the asset management by the trustee is aligned with the goals set in the Paris Agreement.
6. We welcome the actions taken by the GEF to ensure that support will be available for the preparation of Biennial Transparency Reports (BTRs) – as needed both under GEF-7 and GEF-8 and underlines the importance of providing support to developing countries for the preparation of BTRs as part of the Enhanced Transparency Framework.