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Item 8(d) of the provisional agenda

Matters relating to finance

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

Report of the Global Environment Facility to the Conference of the Parties

Note by the secretariat

Addendum

Response to the guidance received from the Conference of the Parties on reporting systems under the enhanced transparency framework

On 1 November 2022 the Global Environment Facility (GEF) secretariat submitted an addendum to the GEF report to the Conference of the Parties at its twenty-seventh session containing the response of the GEF to the guidance received from the Conference of the Parties on reporting systems under the enhanced transparency framework. The text of the response is reproduced in the annex as received from the GEF secretariat.



Annex



**REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE TWENTY-
SEVENTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UNITED
NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE**

ADDENDUM

PART III: GEF'S RESPONSE TO THE COP GUIDANCE

**REPORTING SYSTEMS
UNDER THE ENHANCED TRANSPARENCY FRAMEWORK**

Background

1. The Paris Agreement was adopted by the Parties at the United Nations Framework Convention on Climate Change's (UNFCCC) Twenty-first Conference of the Parties (COP 21) in December 2015. Article 13 of the Paris Agreement establishes an enhanced transparency framework (ETF) for action and support. It states that support shall be provided to developing country Parties for its implementation and for building the transparency-related capacity of developing country Parties on a continuous basis.¹ The Global Environment Facility (GEF), as an operating entity of the Financial Mechanism, was requested to support developing country Parties in preparing their first and subsequent biennial transparency reports (BTRs). COP 21 also requested the GEF to make arrangements to support the establishment and operation of a Capacity-Building Initiative for Transparency (CBIT) during GEF-6 and through future replenishment cycles.

2. In November 2021, the third Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 3) provided guidance to the GEF related to the support to developing country Parties for the implementation of the ETF. In particular, decision 12/CMA.3 paragraph 7(a) requested the GEF to estimate "the cost to developing countries of implementing the enhanced transparency framework, which includes establishing and enhancing a reporting system, as well as the full agreed cost of reporting and the cost of capacity-building for reporting."²

3. The GEF provided an initial response to the guidance included in decision 12/CMA.3 paragraph 7(a) in the GEF Report to COP 27, which was made available to Parties on September 23, 2022. The initial response indicated that "[...] the GEF is analyzing relevant information on the reporting system and will submit information as an addendum to the COP report". This addendum is intended to provide such additional information.

4. Since a definition of what constitutes a reporting system is not provided under the UNFCCC, the GEF consulted with the UNFCCC Secretariat and was informed about certain general elements that could potentially be considered as constituting a reporting system in the context of the ETF.³ The key elements of a reporting system could include the following ones: (i) collection and reporting of information on greenhouse gas (GHG) inventories, (ii) tracking the progress of Nationally Determined Contributions (NDCs), (iii) tracking of progress in mitigation, (iv) tracking of progress in adaptation, (v) as well as tracking the support needed and received. Additional elements could also include (vi) the information technology infrastructure (hardware and software) necessary to manage such information.

Analysis of CBIT support for reporting systems

5. The reporting system elements listed above are currently eligible for support through the Capacity-building Initiative for Transparency (CBIT). To respond to CMA guidance, the GEF Secretariat conducted a multi-country analysis to assess the contribution of the current CBIT portfolio in providing support for the building blocks of a reporting system and the related costs.⁴

6. The GEF established the CBIT in response to the Paris Agreement decision to help strengthen developing countries' institutional and technical capacities to meet the ETF requirements defined in Article 13 of the Paris Agreement. The support provided by the GEF through the CBIT is flexible and based on a country-driven approach. Countries can decide where to target CBIT support based on their national needs and priorities. For this reason, the GEF Secretariat decided to focus the analysis of reporting systems on its CBIT portfolio.

7. The GEF Secretariat analyzed the cost estimates of reporting systems from approved CBIT projects. On July 18, 2022, the GEF Secretariat requested GEF Agencies to provide estimates of the amount of financing from approved CBIT projects in their portfolio that have been earmarked or utilized for activities related to establishing and enhancing a reporting system. All seven GEF Agencies with approved CBIT projects responded to this request and provided data

¹ Paris Agreement to the United Nations Framework Convention on Climate Change, Dec. 12, 2015, T.I.A.S. No. 161104.

² CMA 3 decisions are available at: https://unfccc.int/event/cma-3#decisions_reports.

³ Email exchange between GEF Secretariat and UNFCCC Secretariat, on May 2, 2022.

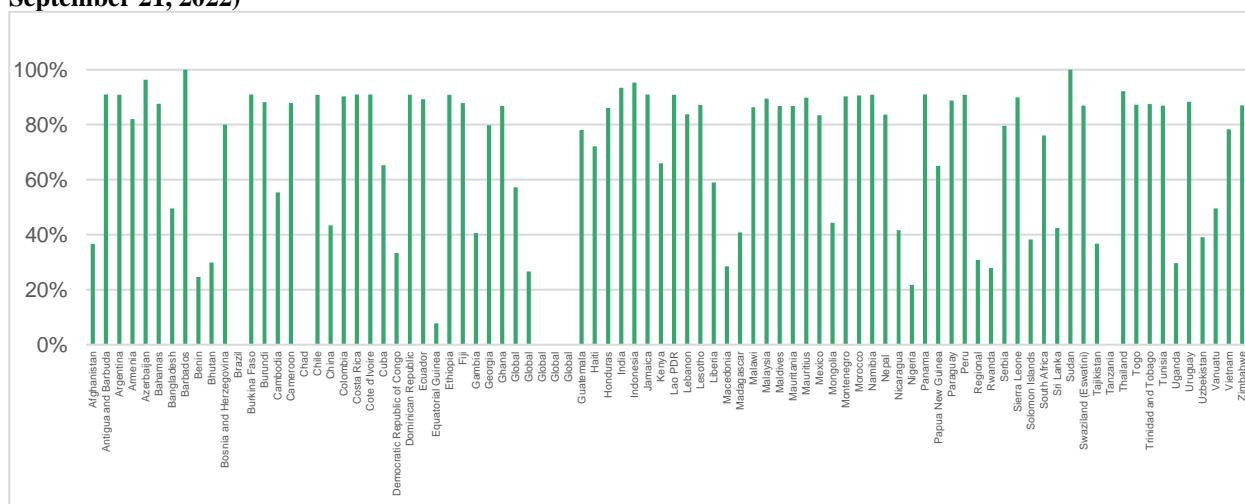
⁴ The analysis of reporting systems under the ETF presented in this document excludes the support provided by the GEF in the preparation of Biennial Update Reports (BURs), National Communications (NC) and Biennial Transparency Reports (BTRs).

for this analysis.⁵ The number of countries included in this analysis is 86, representing 100 percent coverage of countries that have received support from the CBIT.⁶

8. Considering a potential definition of reporting systems based on the building blocks listed in paragraph 0, the analysis concludes that 93.2 percent of the CBIT projects include at least one element related to the establishment or enhancement of reporting systems. It further shows that 56.2 percent of the CBIT portfolio is being earmarked or utilized by countries to establish and enhance reporting systems under the ETF. This means that reporting systems account for \$81.3 million out of the \$144.7 million which constitute the CBIT portfolio to date (this includes GEF project financing, PPGs, and Agency fees).⁷ It is important to note that the portion of the CBIT portfolio supporting elements related to reporting systems also includes a significant component related to building technical capacities, as shown in Figure 2. Indeed, many of the activities financed through CBIT can be classified as contributing to both reporting systems and capacity building, as evident in the case of activities aimed at satisfying technical capacity-building needs for the operation of the reporting systems.

9. The analysis further shows a significant variation among countries in the share of the GEF grant that is earmarked or utilized for reporting systems. The share varies between 0 and 100 percent, with an average of 66.8 percent. Figure 1 presents the funding for reporting system elements as a percentage of the GEF grant for each CBIT project analyzed. Three of the five global CBIT projects and three individual country projects reported no budget for reporting systems, which means they address other areas within the CBIT mandate.

Figure 1
Funding for Reporting Systems elements as a percentage of the GEF project Grant for each CBIT project (as of September 21, 2022)



10. In addition, the analysis highlights how different countries are choosing to prioritize support for different combinations of reporting system elements in line with their national needs and existing system baselines. On average, GHG inventory is the reporting system element that has been earmarked or utilized the most, accounting for 19.4 percent (\$28.0 million) of the total GEF grant for CBIT. Tracking progress in mitigation comes second with 11.0 percent (\$15.9

⁵ The seven GEF Agencies mentioned above consisted on Conservation International (CI), the Food and Agriculture Organization (FAO), the Foreign Economic Cooperation Center Office, Ministry of Environmental Protection of China (FECO), the Inter-American Development Bank (IADB), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Wildlife Fund (WWF-US).

⁶ As of September 21, 2022, the portfolio comprises 88 projects; 82 are individual country projects, one is a regional project (including four countries), and five are global projects. The 86 countries benefitting from CBIT support represent 55.8 percent of all 154 non-Annex I Parties. The total CBIT support amounts to \$144.7 million, including GEF project financing, PPGs, and Agency fees.

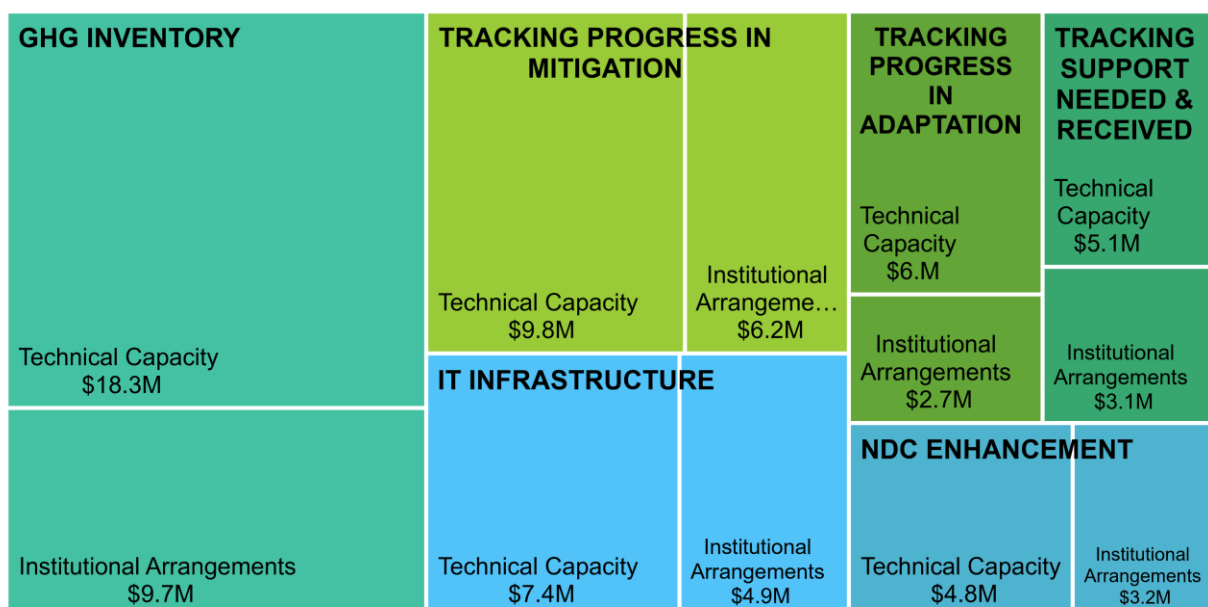
⁷ CBIT project components not directly related to the establishment of reporting systems were classified as “other elements”, corresponding to 43.8% of the CBIT portfolio to date. Other elements include a diverse range of activities within the CBIT mandate that could not fit under the six reporting system elements considered, and covered outputs related for instance to capacity building, knowledge management, monitoring and evaluation and project management costs for the CBIT projects.

million), followed by information technology (IT) infrastructure⁸ with 8.5 percent (\$12.3 million), tracking progress in adaptation with 6.1 percent (\$8.8 million), tracking support needed and received with 5.7 percent (\$8.2 million), and NDC enhancement with 5.6 percent (\$8.0 million)⁹.

11. Figure 2 and Figure 3 show the distribution of the reporting system elements in the CBIT portfolio. The analysis distinguishes how much is earmarked or utilized for technical capacities and institutional arrangements for each reporting system element. Overall, support to technical capacities aspects of the reporting systems elements considered account for 35.5 percent (\$51.4 million) of the total GEF CBIT grant. In comparison, aspects related to institutional arrangements account for 20.6 percent (\$29.9 million). Meanwhile, technical capacities for GHG Inventory account for 12.7 percent (\$18.3 million) of the total GEF CBIT grant, followed by technical capacities for tracking progress in mitigation with 6.7 percent (\$9.8 million) and institutional arrangements for GHG Inventory with 6.7% (\$9.7 million).

Figure 2

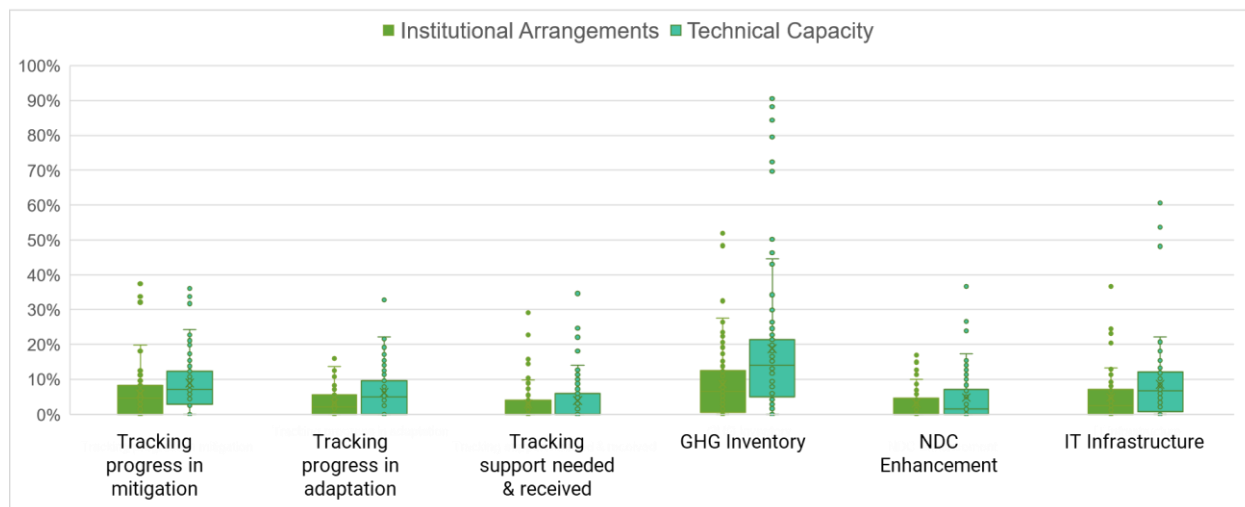
Distribution of reporting system elements (USD) in the CBIT portfolio (as of September 21, 2022)



⁸ IT infrastructure refers to software or hardware, such as laptops, servers, online platforms, databases, etc.

⁹ Cost estimates for other elements aside from the reporting system elements mentioned above were also provided by the Agencies. It included budget for capacity building, travel costs, project administration, knowledge management, monitoring and evaluation, project preparation grant, agency fee, etc. Considering the heterogeneity in the responses for “other elements”, this field was excluded from the analysis to avoid noise in the results.

Figure 3.
Reporting system elements box plot, as a percentage of the total CBIT funding to reporting systems (as of September 21, 2022)



GEF Workshop on Reporting Systems

12. On October 12, 2022, the GEF Secretariat organized a virtual workshop on "Reporting Systems under the Enhanced Transparency Framework".¹⁰ The objective of the workshop was to discuss how the GEF, countries, and Agencies are addressing issues related to establishing and enhancing the reporting system referred to in paragraph 7 (a) of decision 12/CMA.3. A total of 71 people participated, including government representatives, members from the Consultative Group of Experts (CGE), the UNFCCC Secretariat, and relevant GEF Implementing Agencies.

13. The workshop provided an opportunity for the GEF Secretariat to share and discuss the results of the analysis of the CBIT support to reporting systems, outlined above in this addendum. After the GEF Secretariat presentation of the analysis, the UNFCCC Secretariat provided an update on the current status of the negotiations related to the ETF and offered considerations related to the definition of reporting systems under the ETF.

14. The second part of the workshop provided a space for countries to present and discuss their efforts to date to establish and enhance reporting systems. Five developing countries presented during this segment, including Chile, Cote d'Ivoire, Ghana, Egypt, and Mongolia. All countries except Egypt are receiving CBIT support to date and have opted to utilize a significant portion of their GEF CBIT resources to finance reporting system elements.

15. The discussion highlighted that countries are already working with CBIT resources to support different elements related to establishing and enhancing a reporting system. The analysis also highlights that countries have been accessing and deploying GEF support through CBIT programming in a country-driven manner, with high flexibility to prioritize the areas most relevant to their national needs and circumstances.

Support for transparency under GEF-8

16. The Eight Replenishment of the GEF Trust Fund (GEF-8) concluded in June 2022. The GEF-8 strategy, which runs between July 1, 2022, and June 30, 2026, will continue to support enabling activities, including Convention obligations and the CBIT, through the Climate Change focal area. Countries will continue to access resources for Convention obligations and CBIT support from set asides that do not draw on country allocations. Resources available for the CBIT programming during GEF-8 have increased to \$75 million over the next four years, compared to \$55 million in GEF-7. In addition, resources for preparing enabling activities also increased to \$145 million, compared to

¹⁰ Information is available at: <https://www.thegef.org/events/workshop-reporting-systems-under-enhanced-transparency-framework>.

\$110 million over the previous GEF cycle.¹¹

17. Regarding support for reporting, on February 24, 2022, the GEF organized its third virtual BTR Informal Consultation, in response to the CMA 3 guidance, to get feedback on the costing of BTRs and the operational procedures related to the support modalities for the first and subsequent BTRs.¹² The consultation informed the preparation of an information document providing an update of the cost structure for the financing of BTRs in the GEF-8 cycle. The information document was presented to the 62nd GEF Council meeting, which was held on June 21-23, 2022.¹³ The updates include an increase in the costing of the different modalities available for the preparation of BTRs. The information document also clarifies that countries can request combined support for the preparation of two BTRs and one National Communication (NCs), as applicable, as part of the same enabling activity project. The GEF CEO informed all GEF Operational Focal Points (OFP) and all UNFCCC Focal Points about the update on July 11, 2022.

18. In addition to the support for the preparation of reports, the CBIT Global Support Program (CBIT GSP) will be launched in early 2023 and builds on the Global Support Program (GSP)¹⁴, which concluded in September 2021, and the CBIT Global Coordination Platform (GCP).¹⁵ The CBIT GSP aims to be a one-stop shop for transparency, through an integrated online interactive platform where users representing countries, GEF Agencies, and other partners will be able to upload and share information on their progress toward the ETF. It will also be a peer-to-peer platform where registered users can post and discuss relevant information and initiatives driven by the transparency networks.

¹¹ GEF, 2022, [Summary of the Negotiations of the Eight Replenishment of the GEF Trust Fund](#), Council Document GEF/C.62/03.

¹² Information is available at: <https://www.thegef.org/events/third-informal-consultation-financial-support-biennial-transparency-reports>.

¹³ GEF, 2022, [Information Note on the Update to the Financing of Biennial Transparency Reports for the Developing Country Parties to the Paris Agreement](#), Council Document GEF/C.62/Inf.15.

¹⁴ Information available at: <https://www.thegef.org/projects-operations/projects/5141>.

¹⁵ Information available at: <https://www.cbitplatform.org/>.