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Item 6(b) of the provisional agenda
Matters relating to finance
Report of the Global Environmental Facility to the Conference of the Parties and additional guidance to the Global Environmental Facility

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

Submissions from Parties

1. The Conference of the Parties, by decision 11/CP.17, paragraph 5, invited Parties to submit to the secretariat annually their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility.

2. The secretariat has received one submission, on 24 September 2012.[1] In accordance with the procedure for miscellaneous documents, this submission is attached and reproduced* in the language in which it was received and without formal editing.

[1] Also available at <http://unfccc.int/5902.php>.

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

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Submission from Cyprus and the European Commission on behalf of the European Union and its member States

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

Subject: Report of the Global Environmental Facility to the Conference of the Parties and additional guidance to the Global Environment Facility

1. This submission is based on the conclusions from SBI-33 to invite parties to submit to the secretariat annually, no later than 10 weeks prior to the subsequent session of the COP, their views and recommendations in writing on elements to be taken into account in developing additional guidance to the GEF. The basis for this round of submissions is the annual report of the GEF to COP 18, covering activities in the area of climate change of the GEF for fiscal year 2012, from July 1 2011 to June 30 2012 (FCCC/CP/2012/6).

2. The EU reiterates its view that the successful conclusion in May 2010 of the GEF-5 replenishment negotiations (with approximately 54% of the new resources coming from EU Member States), as well as the accompanying programmatic and institutional reforms of the GEF, have created a solid basis to improve the capability of GEF to respond to the growing demands for enhanced support to developing countries in meeting their commitments under the Convention.

3. The report of the GEF to COP contains a comprehensive overview of the new guidance provided to the GEF by COP 17 and the conclusions of SBI 35/36, as well as a summary of the various steps taken by the GEF in order to respond this guidance.

4. According to the introduction of the report, since the GEF's inception, the number of articles within COP decisions that provide guidance to the GEF, including the LDCF and the SCCF, totals 185 (including 14 articles at COP 17). This considerable figure underlines what the EU has been advocating in its earlier submissions on this topic, namely that there is a need to streamline and consolidate the guidance to the financial mechanism in order to make it more operable.

5. Another general EU view has been the need for enhanced communication and collaboration between the Convention Secretariat and the GEF. The EU notes with satisfaction that the annual report includes a detailed overview of various steps taken to do exactly this, and that this enhanced collaboration at the operational level has improved the possibilities to respond to COP guidance.

6. The detailed response to COP 17 guidance and SBI 35/36 conclusions covers all main areas of activities in a more structured way than in earlier reports:

    a) Transparency of Project Review Process
    b) Climate Change Mitigation
        b1. Biennial Update Reports
        b2. Registry
        b3. REDD+
    c) Climate Change Adaptation
        c1. National Adaptation Plans
        c2. Least Developed Countries Fund
        c3. Additional Costs of Adaptation Projects
        c4. Systematic Observations and Monitoring Networks
    d) Green Climate Fund
    e) Technology Transfer
        e1. Operationalization and Activities of the Climate Technology Centre and Network
        e2. Technology Needs Assessment
        e3. Development and Transfer of Technologies
    f) National Communications
    g) Capacity Building.

7. Based on the information included in this year's report, the EU wishes to make the following specific observations:

   a. The GEF has continued in various ways to enhance the project review process throughout the project cycle.
   b. The GEF has prepared policy guidelines for the financing of Biennial update reports which provide that non-Annex 1 parties can access up to 352 000 USD through a GEF Agency or by direct access, and that if this amount is not sufficient for a country, the STAR allocation can be used.
   c. The GEF is undertaking steps to enable activities for the preparation of the national adaptation plan process for least developed countries Parties.
   d. The GEF has continued to provide support for systematic observation and monitoring networks in the context of projects and programmes financed under the LDCF and the SCCF.
   e. During the reporting period, the GEF has initiated, together with a number of its implementing agencies, altogether four regional projects to promote the establishment of climate technology transfer mechanisms and networks. The EU notes that the GEF Council, when approving the three new regional projects in June 2012, reaffirmed that the GEF stands ready to continue to support the operationalization and activities of the CTCN in response to UNFCCC decision 2/CP.17, and in line with GEF procedures. Furthermore the EU notes that the Council approved the regional projects with the understanding that they will seek, as appropriate, to collaborate with the future CTCN to be set up in the framework of the UNFCCC.
   f. The GEF has provided detailed and timely information on its activities related to the preparation of National Communications by non-Annex 1 parties, as Annex 6 of the annual report shows.
   g. The GEF, with its partner agencies, has continued to provide significant capacity building support to developing countries, both through a capacity component in regular projects and through targeted interventions.

8. In summary, the report to COP 18 shows that the GEF is well on track in responding to the most recent guidance in the various areas covered by the report. However, additional operational guidance should be considered at SBI 37, as appropriate.

9. With reference to the above observations regarding the GEF report, the EU wishes to underline in particular the need for close communication and collaboration between the GEF and relevant bodies of the Convention in the operationalization of the CTCN. It is important to ensure that the regional networks to be established by the GEF and its partners will support and complement the aims and the operationalization of the CTCN of the Convention.

10. Besides the necessary monitoring of on-going GEF supported activities based on past and recent guidance, the EU wishes to point out that with the establishment of the Green Climate Fund as the other operating entity of the financial mechanism of the Convention, and the Standing Committee having the task to provide draft guidance for the operating entities and assist in the rationalization of the financial mechanism, there is a need to reform the system for dealing with the reporting from and the guidance to the operating entities of the financial mechanism.