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Agenda item 10(d)

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 and guidance to the Global Environment Facility

Proposal by the President

Draft decision -/CP.22

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 8/CP.21,

Welcoming the report of the Global Environment Facility to the Conference of the Parties and its addenda reports, including on the technical review of the programme priorities of the Least Developed Countries Fund,¹

Noting the draft decision on the guidance to the Global Environment Facility prepared by the Standing Committee on Finance, as contained in its report to the Conference of the Parties² and the Standing Committee on Finance 2016 biennial assessment and overview of climate finance flows as context for the provision of guidance,

1. *Emphasizes* the need for the Global Environment Facility to consider lessons learned from past replenishment periods and to take into account the entry into force of the Paris Agreement in its deliberations on the strategy for the seventh replenishment of the Global

¹ FCCC/CP/2016/6, Add.1 and 2.

² FCCC/CP/2016/8, annex VI.

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Environment Facility Trust Fund in order to continue to increase the effectiveness of its operations;

2. *Calls upon* developed country Parties, and *invites* other Parties that make voluntary financial contributions to the Global Environment Facility, to ensure a robust seventh replenishment, in order to assist in providing adequate and predictable funding taking into consideration the Paris Agreement;

3. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in its seventh replenishment programming, to continue to assist developing countries, in particular the least developed countries and small island developing States, in accessing resources in an efficient manner;

4. *Also requests* the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient manner;

5. *Takes note* of the projected shortfall of resources from the sixth replenishment of the Global Environment Facility due to exchange rate movements, and the decision of the Council of the Global Environment Facility on item 6 on the agenda of the 51st meeting of the council;³

6. *Requests* the Global Environment Facility to continue its efforts, as appropriate and as needed, to minimize the potential consequences of the projected shortfall referred to in paragraph 5 above for its support to developing countries, aiming to fulfil the relevant programming directions of the sixth replenishment of the Global Environment Facility;

7. *Welcomes* the decisions of the Council of the Global Environment Facility to establish the Trust Fund for the Capacity-building Initiative for Transparency⁴ and to approve the Capacity-building Initiative for Transparency programming directions,⁵ and to ensure that the support for the Capacity-building Initiative for Transparency will be included in the seventh replenishment, to complement existing support under the Global Environment Facility, in accordance with decision 1/CP.21, paragraph 86;

8. *Also welcomes* the pledges made by several countries to make voluntary contributions to the Capacity-building Initiative for Transparency and the signing of the first contribution agreement by a country and *encourages* others that have pledged to make voluntary contributions to finalize their contribution agreements;

9. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to continue providing in its annual reports, inter alia, information on the establishment and operation of the Capacity-building Initiative for Transparency, including its programming and implementation modalities, on the voluntary contributions pledged and provided,⁶ and on the implementation of decision 9/CP.18;

10. *Welcomes* the Global Environment Facility's continued engagement and coordination with the Climate Technology Centre and Network through the Poznan strategic programme on technology transfer and the regional technology transfer and financing centres, as well as actions taken by the Global Environment Facility in response to the recommendations by the Technology Executive Committee following the evaluation of the Poznan strategic programme on technology transfer;

³ Global Environment Facility document GEF/C.51/04.

⁴ Global Environment Facility document GEF/C.50/05.

⁵ Global Environment Facility document GEF/C.50/06.

⁶ See decision 1/CP.21, paragraph 86.

11. *Urges* the Global Environment Facility and recipient countries to continue exploring with the Climate Technology Centre and Network ways to support climate technology related projects through country allocations of the sixth replenishment of the Global Environment Facility;
12. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to take into consideration climate risks in all its programmes and operations, as appropriate, keeping in mind lessons learned and best practices;
13. *Encourages* the Global Environment Facility to continue its efforts to encourage countries to align, as appropriate, their Global Environment Facility programming with priorities as identified in their nationally determined contributions, where they exist, during the seventh replenishment, and to continue to promote synergies across its focal areas;
14. *Welcomes* the conclusions of the “Program evaluation of the Least Developed Countries Fund” by the Global Environment Facility’s Independent Evaluation Office;⁷
15. *Requests* the Global Environment Facility, as the operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to enhance capacity development in the least developed countries for the development of project proposals with a focus on identifying potential funding sources, both national and international, and enhancing long-term domestic institutional capacities;
16. *Encourages* the Global Environment Facility to continue to track, review and report on the sustainability of project outcomes from the Least Developed Countries Fund and the Special Climate Change Fund;
17. *Welcomes* the initial assessment of the accreditation pilot and *notes* its conclusions;⁸
18. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in light of the entry into force of the Paris Agreement, to continue streamlining project approval processes and providing enhanced support, including enabling activities, to developing country Parties, including the least developed countries and small island developing States, as appropriate, in the context of national climate strategies and plans;
19. *Welcomes* the successful roll-out of the non-grant instrument pilot and *encourages* further expansion of the pilot with a view to increasing the leverage and impact of Global Environment Facility financing;
20. *Invites* Parties to submit via the submission portal⁹ annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;
21. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 20 above when providing draft guidance to the Global Environment Facility for consideration by the Conference of the Parties;
22. *Also requests* the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided to it in this decision.

⁷ Available at <<http://www.gefio.org/sites/default/files/ieo/council-documents/ldcf-sccf-20-me-02.pdf>>.

⁸ Contained in Global Environment Facility documents GEF/C.50/07 and GEF/ME/C.50/06.

⁹ <<http://www.unfccc.int/5900>>.