



COP Guidance GEF – Grupo SUR

In the pursuit of our common objectives enshrined in the UNFCCC and its Paris Agreement, the Financial Mechanism remains central to supporting climate action in developing countries. The Financial Mechanism of the UNFCCC is, according to its Article 11, “entrusted to one or more existing international entities” and “shall function under the guidance of and be accountable to the Conference of the Parties”.

Based on the aforementioned, Grupo SUR understands that the guidance to the operating entities of the Convention and its Paris Agreement, such as the Global Environment Facility (GEF), should assess the viability of implementing all COP/CMA decisions that refer to them. In other words, we suggest that all COP/CMA decisions that refer to the operating entities must inform the negotiations related to COP Guidance. The latter would continue to hold the responsibility of evaluating the feasibility of transmitting COP/CMA decisions as guidance to the operating entities, but without neglecting any formal decision related to operating entities. We believe that this procedure could not only avoid potential disagreements related to different interpretations of Article 11, but also provide more effectiveness to COP/CMA decisions, and ultimately contribute to enhancing the implementation of the UNFCCC and its Paris Agreement.

With a view to implementing these legal agreements more consistently, it is also essential to improve the conditions for operating entities to fully fulfill their mandate. To address the rising financial needs for climate action in the developing world, we urge developed countries to meet their legal obligations and to provide adequate, predictable, and accessible grant-based and concessional finance to developing countries. We recall the decision on the New Collective Quantified Goal (NCQG), which includes the target “to at least triple annual outflows from those Funds from 2022 levels by 2030 at the latest”, which should be a priority for this year’s guidance to the Financial Mechanism. This entails securing timely and ambitious replenishment cycles for the operating entities with multi-year pledges from contributing countries.

As many developing countries continue to face serious barriers to accessing climate finance, including procedural delays and excessive complexity in the approval of disbursements, the operating entities should simplify and streamline their accreditation and funding proposal processes, aiming at facilitating access to resources, accelerating disbursements and increasing the share of funding flowing through direct access entities and locally-led institutions.

The regular and adequate provision of public finance to the operating entities is irreplaceable for enabling them to allocate grants and highly concessional loans to underfunded climate activities, such as those related to the adaptation of vulnerable communities in developing countries. It comes as no surprise that the aforementioned structural disconnection between the guidance provided by COP and CMA decisions and the operational rulings of the Boards undermines particularly adaptation action. Funds are often responsible for channeling the only viable sources of adaptation finance for developing countries, especially in contexts where private investment is not forthcoming.



While efforts to raise the level of adaptation finance have been made, the 2024 Adaptation Gap Report underscores the urgency of the issue: adaptation finance needs for developing countries are estimated at USD 215–387 billion annually by 2030. The widening finance gap is not merely a statistic; it is a signal that the current system is not delivering at the scale and speed required. Paragraph 35 of decision 2/CMA.5 calls for regular updates from the GEF and the GCF on their support for the implementation of the UAE Framework for Global Climate Resilience. Given the limited fiscal space and macroeconomic constraints currently faced by developing countries, as well as the ongoing difficulties for private sector financing on adaptation, there remains a crucial role to be played by grant-based and concessional funding, as reaffirmed in paragraph 27 of the same decision.

Another area in which the current resources available through the GEF and its implementing agencies are insufficient is transparency. The Fund should prioritize and increase financial support for preparing Biennial Transparency Reports (BTRs) and National Communications (NCs). GEF and its implementing agencies should harmonize and streamline the procedures for submitting and approving project proposals for Capacity-building Initiative for Transparency (CBIT) and enabling activities. This would secure the continuity of relevant national technical teams and address long-term institutional requirements.

Additionally, in collaboration with its implementing agencies, the GEF should ensure that its procedures prevent gaps between project cycles and deliver continuous support, aiming at enhancing the sustainability of national reporting systems and national workflows related to the elaboration of transparency reports, since these systems are vital for developing country Parties to consistently meet their obligations under the Enhanced Transparency Framework (ETF). It is also essential to ensure that the total resources allocated to the climate change focal area of the GEF are adequate to support reporting under the ETF and build transparency-related capacity, without adversely affecting the resources available for implementing climate action.

GEF's adherence to the principle of country-ownership should also be reinforced. Its Secretariat should strengthen collaboration with national focal points to support successful country-driven partnerships, and the financial resources of the Fund should be coherently channeled in alignment with national priorities established in climate public policies, such as country-platforms, Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), as appropriate.

We also underline the urgent need to reform the governance of GEF to ensure a more balanced and equitable representation for developing countries, and in line with the value of natural capital these countries uphold. In addition, we support the participation of those directly involved in the conservation and sustainable use of ecosystems, such as indigenous peoples and local communities, including through improved voice and vote mechanisms, as well as equitable access to decision-making by developing countries.

As the international community looks forward to implementing the NCQG, bold reforms within the operating entities and renewed political commitment to support the

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UNFCCC Financial Mechanism are needed to ensure that climate finance reaches those who need it most, leaving no one behind.