



**GEF Council Meeting
5 November 2006, Washington D.C.**

**Statement by Yvo de Boer,
Executive Secretary, UNFCCC**

Thank you.

It is my pleasure to speak on behalf of the UNFCCC at this meeting. I would like to take this opportunity to highlight some of the outcomes of the United Nations Climate Change Conference 2006 in Nairobi and their implications for the role of the GEF in the UNFCCC process.

As you know, discussions on the **future climate change regime** are underway. The Nairobi Conference continued to develop the basis for the future with negotiations on further reduction of greenhouse gas (GHG) emissions beyond 2012, and on long-term cooperative action on global climate change. As part of these discussions, governments need to consider how to better address the costs of the urgently needed mitigation of climate change and of the adaptation to its impacts.

This context calls for **serious thinking on how to best promote financial and investment incentives**. In addition to the booming market-based mechanisms of the Kyoto Protocol and to other innovative initiatives that are being explored, the GEF, as an entity operating the financial mechanism of the Convention, could **play a key role as catalyst** of the resources. This would, however, require on the part of the GEF increased flexibility and responsiveness to the UNFCCC process.

In the course of the conference in Nairobi a **number of concerns** were raised by developing countries regarding the operation of the GEF that need to be considered very carefully. The Conference adopted some important decisions that provide **opportunities** to address those concerns.

- There was a strong call for the GEF to be **more responsive to the guidance** from the UNFCCC process and to get more connected to the work on the ground.
- Parties stressed the need for the GEF to **improve access to existing funding for adaptation** and to give closer consideration to adaptation concerns. Adaptation will be a key issue in 2007 at COP 13 and COP/MOP 3: Besides addressing the Adaptation Fund and the Least Developed Countries Fund, that I will come to in a moment, COP 13 will consider the results of regional workshops on adaptation where some of the serious gaps and needs that countries face have been identified.

- The need for action to make **technology transfer** a reality was very high on the agenda of the session and will continue to be so in the next years. The GEF has been requested to strengthen its response to technology transfer needs. The decision in Nairobi on the Special Climate Change Fund may provide a good opportunity for this Fund to play a greater role in this area. Technology Needs Assessments (TNAs) are also a key tool for many developing countries, and the support of the GEF in the preparation of TNAs and to their implementation is crucial.
- Parties also called on the GEF to continue and enhance activities on public awareness and capacity building.
- Particular concerns were raised about the **efficiency of disbursement** in the provision of financial assistance to national communications. Effective financial assistance to the preparation of national communications is a key issue for the Convention, as it has direct implications on the quality and timely submission of these communications.

In Nairobi, Parties agreed on key steps in improving the delivery of financial support to developing countries, which provide important opportunities for the GEF to strengthen its performance.

This includes a decision concluding **the third review of the Financial Mechanism** of the Convention making a number of requests and recommendations to the GEF in areas such as adaptation, land use and land-use change and energy efficiency. The conclusions of the third review also call for improvements in the access to funding and for responses to recommendations from OPS 3.

The decision also stipulates the **launch of the fourth review** of the Financial Mechanism as of next year. Under this review, Parties will be closely considering the funding necessary to assist developing countries, and future investment and financial needs of developing countries. The UNFCCC secretariat will be preparing a technical paper and a report on these issues. This assessment will provide an important input by formulating a better understanding of incentives for developing countries.

A decision was also taken providing **detailed guidance to the GEF on improvements** needed for financial support to technology transfer, preparation of national communications and public awareness. This decision requests the GEF to simplify its procedures, to work with implementing and executing agencies on issues related to funding, and to continue reporting on the implementation of the Resource Allocation Framework. The decision further invited Parties to submit their views and recommendations on the GEF funding under the climate change focal area.

A major achievement of negotiations in Nairobi was to finalize guidance on the windows on mitigation and economic diversification of the **Special Climate Change Fund**, thus allowing this fund to now be fully operationalized. This Fund was one of the

key outcomes of the Marrakesh Accords and was meant to complement other funding for climate change under the Convention in the areas of adaptation, technology transfer, climate change mitigation and economic diversification. The GEF has now been requested to proceed to developing detailed programming for the outstanding windows and to further mobilize resources for this Fund. There is strong need for the SCCF to improve its delivery. While we have seen some progress under the adaptation window, the technology window is still lagging behind. The Fund needs a serious replenishment.

Also a number of other decisions taken in Nairobi will provide for important work in collaboration with the GEF over the next year.

For example, the GEF was invited to collaborate with our secretariat in preparing for an expert workshop on steps to be taken to regularly monitor the implementation of the **capacity-building framework**.

Furthermore, the implementation of the **Least Developed Countries Fund** is expected to be reviewed over the next year. The Least Developed Countries Expert Group will be holding a stocktaking meeting on the preparation and implementation of National Adaptation Programmes of Action (NAPAs) in consultation with the GEF.

Finally, Parties to the Kyoto Protocol achieved a major step forward in agreeing on the principles, modalities and key governance elements of the **Adaptation Fund**. This decision will set the ground for the operationalization of that Fund in 2007 at COP/MOP 3. In the course of the year, Parties should further consider a list of issues (including eligibility criteria, the monetization of the share of proceeds, priority areas and institutional arrangements) needed to launch the Fund. Interested institutions were invited to respond to the decision and consultations will be organized.

Efficient response by the GEF to the concerns raised by Parties and to the guidance by the COP **is key in providing capacity** to developing countries in implementing the Convention and for their effective participation in the future climate change regime. It is also key for strengthening the contribution of the GEF to contributing to the foundations of the future climate change regime and a strong participation of developing countries.

I would like to conclude by expressing the full commitment of the climate change secretariat in closely working with the GEF so as to ensure rapid progress in this crucial phase of the climate change process.

Thank you.