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**PROGRESS REPORT ON THE
CAPACITY-BUILDING INITIATIVE FOR TRANSPARENCY**

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INTRODUCTION

1. The Paris Agreement was adopted at the Twenty-first Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015. Paragraph 84 of the COP decision adopting the Paris Agreement decided to establish “a Capacity-building Initiative for Transparency in order to build institutional and technical capacity, both pre- and post-2020” that “will support developing country Parties, upon request, in meeting enhanced transparency requirements as defined in Article 13 of the Agreement in a timely manner.”
2. Paragraph 86 of the COP decision urged and requested the Global Environment Facility (GEF) to make arrangements to support the establishment and operation of the Capacity-building Initiative for Transparency (CBIT), including through voluntary contributions to support developing countries during GEF-6 and future replenishment cycles.
3. The purpose of this document is to provide an update on activities undertaken by the GEF to support the CBIT establishment and operations. The update covers activities since the Progress Report presented for the 51st GEF Council Meeting, between October 6, 2016 and April 25, 2017.

CBIT TRUST FUND CAPITALIZATION

4. The CBIT Trust Fund was established in September 2016, in accordance with the World Bank’s applicable policies and procedures.¹
5. Following the establishment of the CBIT Trust Fund, several donors pledged to make voluntary contributions to the CBIT. On November 16, 2016, at COP 22 in Marrakesh, Morocco, twelve donors issued a joint statement pledging over \$50 million USD, including Australia, Canada, Germany, Italy, Japan, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom, the United States of America and the Walloon Region of Belgium.² Since COP 22, additional donors have highlighted their intention to pledge in the near future.
6. As of March 31, 2017, eleven donors had signed their respective contribution agreements, and the Trustee had received the majority of the pledges. The total donor contributions to the CBIT Trust Fund were \$43.5 million.
7. Several GEF Agencies are in the process of signing the Financial Procedures Agreement with the Trustee to access the resources of the CBIT Trust Fund, including Conservation International, Inter-American Development Bank (IADB), United Nations Development

¹ See document GEF/C.51/Inf.06, which can be accessed from: <https://www.thegef.org/council-meetings/gef-51st-council-meeting>

² The Joint Statement can be accessed from: <https://www.thegef.org/sites/default/files/web-documents/CBIT-donor-statement-COP22.pdf>

Programme (UNDP) and UN Environment (UNEP). Additional GEF Agencies have declared interest in undergoing the process as well.

CBIT OPERATIONALIZATION

8. Prior to COP 22, the GEF Secretariat approved the first set of projects under the CBIT, amounting to \$4.6 million (see Annex for details). These included four medium-sized projects, of which three were national projects in Costa Rica, Kenya and South Africa, and one was a global coordination project.

9. Costa Rica's project seeks to enhance capacity for its nationwide climate actions inventory and further develop a monitoring, reporting and verification (MRV) methodology framework. These efforts will support Costa Rica's vision to become a global laboratory for deep de-carbonization and to share its experience internationally.

10. Kenya aims to strengthen its national institutions for transparency-related activities. The project also seeks to enhance its methodological frameworks for estimating land-based emissions, which account for over 70% of Kenya's greenhouse gas emissions and is thus a priority.

11. South Africa seeks to enhance capacity building and implementation of its National Climate System through coordination with academic institutions to address capacity needs.

12. The global project aims to establish a Global Coordination Platform to enable coordination, maximize learning opportunities and foster knowledge-sharing to facilitate transparency enhancements. The project will build on the extended network of practitioners through the Global Support Programme for National Communications and Biennial Update Reports, implemented by UNDP and UNEP. It will also provide a platform to help coordinate with existing transparency-related initiatives, such as the Initiative for Climate Action Transparency (ICAT), the Partnership on Transparency in the Paris Agreement, and the NDC Partnership. Furthermore, collaboration with key workstreams under the UNFCCC, including the Consultative Group of Experts, is also envisaged through the global coordination mechanism.

13. Since November 2016, one additional national project has been approved under the CBIT. This project in Uruguay seeks to support the establishment of a National Transparency Task Force, as well as address specific technical gaps to support the domestic MRV system and the improvement of national greenhouse gas inventories.

14. The GEF Secretariat has been engaged in numerous consultations with GEF Agencies and countries about interests to submit CBIT proposals and national priorities. Through these consultations, the GEF Secretariat has been informed about concept development of at least thirteen national projects, two multi-country projects, one regional project, and one global initiative. Some of these proposals have been submitted officially, and are undergoing technical review by the GEF Secretariat. Others are expected to be submitted officially in the near future. Furthermore, additional countries have expressed interest in accessing the CBIT resources.

15. While the requested resources will likely be adjusted during the project development and review stage, the total requested resources for the concepts under development that have been brought to the GEF Secretariat's attention are already nearing the available balance of the CBIT Trust Fund as of March 31, 2017. The GEF Secretariat will continue to make every effort to program the available resources before June 30, 2018.

COP 22 GUIDANCE

16. At COP 22, Parties welcomed the GEF Council decisions to establish the CBIT Trust Fund, to approve the CBIT programming directions, and to ensure support for the CBIT will be included in the seventh replenishment, to complement existing support under the GEF, in accordance with decision 1/CP.21, paragraph 86.³

17. The COP also welcomed the pledges made by several countries to make voluntary contributions to the CBIT and the signing of the first contribution agreement by a country, and encouraged others that have pledged to make voluntary contributions to finalize their contribution agreements.

18. The COP requested the GEF to continue providing information on the establishment and operation of the CBIT in its annual reports to the COP, including its programming and implementation modalities, on the voluntary contributions pledged and provided, and on the implementation of decision 9/CP.18.

19. The GEF will include responses to COP guidance, including information on the CBIT establishment and operation, as requested, on the Report of the GEF to the Twenty-third Session of the COP to the UNFCCC to be submitted by August 2017 upon GEF Council approval.

AWARENESS RAISING AND OUTREACH

20. The GEF Secretariat continued the awareness raising and outreach efforts for CBIT through various channels.

21. The progress report on the CBIT presented to the GEF Council at the 51st Council Meeting was submitted to the UNFCCC on November 3, 2016 as an addendum to the COP 22 report.⁴ That information was included in the GEF intervention on the annual report to the COP.

22. On November 16, 2016, during the Facilitative Dialogue on Enhancing Ambition and Support within the High-level Policy Discussions on Means of Implementation at COP 22, the GEF CEO formally launched the CBIT, declaring it "open for business", and announced the first set of projects approved for implementation. Several donor representatives made announcements of support at that formal launch. Recipient country representatives from Costa

³ Decision 11/CP.22 can be found here: <http://unfccc.int/resource/docs/2016/cop22/eng/10a01.pdf>

⁴ The GEF report to COP 22 and the Addendum can be accessed from: <http://www.thegef.org/documents/report-gef-22nd-session-cop-unfccc>

Rica, Kenya and South Africa made statements regarding the expectations and significance of the CBIT in their national context.⁵

23. Information on the CBIT opportunities and access to support has been integrated into the GEF's Expanded Constituency Workshops (ECWs) and Constituency Meetings to raise awareness among GEF Operational Focal Points, UNFCCC Focal Points, and other stakeholders. Five ECWs have been held during this reporting period.

24. A dedicated webpage on the CBIT has been created and can be found at the GEF website.⁶

25. The GEF Secretariat participated in a coordination meeting on the CBIT and in the launch of the CBIT Global Coordination Platform on April 18-20, 2017 in Copenhagen, Denmark. The Coordination Meeting provided a space to discuss CBIT expected results, strengthen coordination, and introduce the CBIT Global Coordination Platform among implementing organizations, UNFCCC, Parties that pledged financial support to the CBIT, and other institutions and organizations involved in the provision of support to the enhanced transparency framework.⁷

26. The Technical Workshop aimed to strengthen the understanding of the experiences, priorities, and needs for the implementation of the transparency framework for actions and support under the Paris Agreement.⁸ The workshop presented updates on the CBIT, identified gaps and needs for enhanced transparency frameworks, and presented initial technical support available, including the launch of the CBIT Global Coordination Platform. Participants included representatives from over 30 developing countries, donor representatives, international organizations and other institutions engaged in the enhanced transparency framework. The GEF Secretariat discussed programming priorities with developing countries during the meeting.

27. The GEF Secretariat has consulted with the UNFCCC Secretariat on potential opportunities to continue outreach activities and inform Parties on the progress made on the CBIT establishment and operations at the Bonn Climate Change Conference on May 8-18, 2017.

GEF-7 REPLENISHMENT

28. The GEF Council decision on the Capacity-building Initiative for Transparency: Establishment of a Trust Fund and Programming Directions stated that the CBIT efforts will be

⁵ The press release for the launch of the CBIT at COP 22 can be accessed here: <https://www.thegef.org/news/new-gef-fund-gives-boost-paris-agreement-implementation>

⁶ The CBIT webpage can be accessed here: <https://www.thegef.org/topics/capacity-building-initiative-transparency-cbit>

⁷ Information on the Coordination Meeting can be found here: <http://www.un-gsp.org/event/cbit-coordination-meeting>

⁸ Information on the Technical Workshop can be found here: <http://www.un-gsp.org/event/capacity-building-initiative-transparency-cbit-global-coordination-platform>

an integral part of the GEF's climate change support for GEF-7 financed by the GEF Trust Fund under regular replenishment. This decision was also noted in the COP 22 guidance to the GEF, which welcomed the CBIT establishment.⁹ The proposed programming directions for GEF-7, as presented to and discussed at the first formal replenishment meeting held on March 28-30, 2017 in Paris, France, included specific provisions for CBIT support. The GEF Secretariat will continue to consult with the UNFCCC and its workstreams toward ensuring that the CBIT will be adequately reflected in the GEF-7 replenishment, as the CBIT is considered a foundation for the effective implementation of the Paris Agreement.

⁹ Decision 11/CP.22 can be found here: <http://unfccc.int/resource/docs/2016/cop22/eng/10a01.pdf>

ANNEX: PROJECTS APPROVED AND RECEIVING SUPPORT FROM THE CBIT TRUST FUND

GEF ID	Country	Agency	Project Title	PPG Amount	PPG Fees	GEF Project Financing	Project Agency Fees	GEF Financing	Cofinancing	Total Project Cost	Project Approval Date
9652	Costa Rica	UNEP	Costa Rica's Integrated Reporting and Transparency System			1,000,000	90,000	1,090,000	3,260,000	4,350,000	11/4/2016
9673	South Africa	UNEP	Capacity Building Programme to Implement South Africa's Climate National System	30,000	2,850	1,100,000	104,500	1,237,350	2,289,065	3,526,415	11/4/2016
9674	Kenya	CI	Strengthening National Institutions in Kenya to Meet the Transparency Requirements of the Paris Agreement and Sharing Best Practices in the East Africa Region	50,000	4,500	1,000,000	90,000	1,144,500	1,050,000	2,194,500	11/9/2016
9675	Global	UNEP/ UNDP	CBIT Global Coordination Platform			1,000,000	95,000	1,095,000	400,000	1,495,000	11/4/2016
9739	Uruguay	UNDP	Building institutional and technical capacities to enhance transparency in the framework of the Paris Agreement	25,000	2,375	1,100,000	104,500	1,231,875	760,000	1,991,875	3/6/2017
Total				105,000	9,725	5,200,000	484,000	5,798,725	7,759,065	13,557,790	