

Meeting Summary
Informal Consultation Meeting on
Financial Support for Biennial Transparency Reports
June 18, 2020, 8:00-11:00 EDT (via Webex)

The GEF organized an Informal Consultation Meeting on Financial Support for the Biennial Transparency Reports (BTRs) to discuss support needs, possible modalities, and timing with partners.

Welcome remarks and introduction

The informal meeting was attended by 45 participants, including country representatives, representatives from the Least Developed Countries Group, UNFCCC, UNEP, and UNDP, and the GEF Secretariat personnel. Gustavo Fonseca, Director of Programs at the GEF Secretariat, opened the virtual meeting, providing the context for the informal discussion with regards to guidance from the Conferences of the Parties (COPs) on supporting the enhanced transparency framework under the Paris Agreement, the considerations on timing and modalities for supporting BTRs, and how the discussion would inform the GEF's efforts to develop the necessary guidelines.

Understanding and costing BTRs

Chizuru Aoki from the GEF Secretariat opened the first part of the discussion, which was focused on understanding and costing the BTRs. She provided an overview of the support available for National Communications (NCs) and Biennial Update Reports (BURs) in GEF-7 as an introduction.

Jigme from the UNFCCC Secretariat gave an overview of the transparency arrangements under the Convention and the Paris Agreement, emphasizing key areas of enhancement, including for example provisions that are mostly mandatory and have enhanced scope and depth. He compared the elements of the NCs with the BTRs, noting that while several NC elements were included in the BTR, these were more technically complex in the BTR. He specifically drew attention to the fact that the BTR's greenhouse gas (GHG) inventory report is more complex than what is currently mandated by NC and BUR guidelines. He also pointed out that NC guidelines have not been updated and this will have cost implications.

Eva Huttova of UNDP presented on the agency's experience in supporting countries with their preparations of NCs and BURs. UNDP's portfolio includes 49 percent of combined NC/BUR projects, 39 percent BUR projects and 13 percent NC projects. Also, 85 percent of its portfolio is supported by the full-agreed cost amount, while 12 percent is complemented by STAR country allocations. UNDP presented a comparison of budgeted allocations and actual expenditures by key component of each report and the average utilization rate of resources, which showed that 50 percent of projects return less than \$600 after financial closure. Among the key challenges faced by NCs and BURs supported, UNDP identified primarily GHG inventories, mitigation action assessments, vulnerability and adaptation assessments for NCs, and information on domestic monitoring, reporting and verification (MRV) for BURs. With regards to timeliness,

UNDP explained that on average BURs in their portfolio have taken 944 days (i.e. 2.6 years) and that the preparation of the proposal ahead of submission can take between six and 12 months.

Damiano Borgogno of UNDP shared support for combined NC/BTR projects (i.e. as two BTRs or two BTRs plus one NC) in order to reduce costs, avoid duplication of processes, and align project cycle duration with reporting requirements. For implementing agencies, this modality would simplify project design, implementation monitoring and oversight, and for executing agencies, this modality would streamline project design and institutional arrangements. They also shared that developing countries are especially interested in developing the adaptation and gender elements for the BTRs. UNDP stated that based on their experience and conversations with developing countries additional resources will be needed for BTRs when compared to BURs, and they suggested \$500,000 for a BTR as a feasible amount. In addition, they asked whether there would be a cut-off date for accessing BURs, as the simultaneous implementation of BURs and BTRs would be challenging. They also mentioned that parties need to be realistic about timely submissions of BTRs since capacity remains a critical hurdle.

Suzanne Lekoyiet of UNEP shared UNEP's experiences and insights from NC/BUR support. Both UNEP and UNDP mentioned that on average they have 65 projects under implementation and ten under preparation, each. However, UNEP's portfolio of countries includes a large proportion of least developed countries (LDCs) and small island developing States (SIDS). Similarly, UNEP's experience is that most countries utilize the total funds approved under the full-agreed cost basis. In contrast, the single example of a full-size project in UNEP's portfolio in South Africa, which supported the preparation of two BURs and one NC over five years, only disbursed \$2.3 million of the \$4.6 million approved. Part of the reason was due to personnel changes as a result of which the government ended up receiving funds for the first BUR from GIZ, and subsequently changes needed to be made to the GEF project. For UNEP, the project cycle for BURs was similar, amounting to 3.9 years total from country request to project closure, while NCs took 6.4 years on average. Nevertheless, both agencies showed examples of BURs which had been prepared and submitted with shorted timelines.

UNEP's assessment of expected submissions and potential new projects in 2020-2021 estimated a potential 10 BUR and 12 NC requests to be submitted to the GEF during that period. UNEP also stated that while the umbrella approach provides economies of scale and is especially beneficial for LDCs and SIDS, it can slow the process down considerably in some cases. UNEP also shared results from last year's survey regarding awareness and readiness for BTRs that showed the need to continue raising awareness of BTR requirements and building capacity.

To open the discussion on BTR costing, the GEF Secretariat presented three additional slides with costing tables for NCs and BURs as currently supported, and an initial costing table for BTRs based on corresponding NC and BUR elements, which led to an estimate cost of \$395,000 to \$494,000.

The key questions posed to participants in this discussion were:

- How do BTR components compare with NC and BUR contents?
- How to avoid potential duplication between NCs and BTRs?
- What are the minimum resources necessary to respond to each component of the report based on the adopted MPGs and agreed costs for NCs and BURs?

The key points raised during this discussion were:

- While BTRs have similar components as BURs and NCs, several participants emphasized that the BTRs have additional technical elements that will require additional capacity building and resources.
- Using costs for BURs and NCs are good initial steps (both for capacity building and to better understand costs) but it is only a first step.
- Some participants stated that using the BUR and NC experience to cost BTRs might not be entirely adequate as the cost of BUR and NC elements relates to the cost of generating parts of reports, but the capacity to meet this new and different obligations needs to be higher, particularly in the beginning as the transparency system under the Paris Agreement is “enhanced”.
- Concern was expressed on the uncertainty that exists on the actual format for BTRs (i.e. common tabular formats and common reporting tables) that is still being negotiated under the UNFCCC and as a result makes it more difficult to ascertain the resources. A contrary view was also expressed, that even though these elements are not finalized in the BTRs, the current MPGs include enough information to indicate what is needed and costing can be drawn from that.
- A participant indicated that some countries provide co-financing or use STAR allocation for BURs and NCs, and these additional resources should be considered when costing for BTRs.
- There was support from many participants for supporting multiple reports. One contrasting view was that NCs are more complex documents that take longer and usually require different institutional arrangements, which might affect the timely submission of BTRs if combined.
- Regarding the potential for combined NC and BTR, participants requested additional clarification on the amount.
- Some participants also requested that costing cover voluntary elements of the reporting as well to encourage non-mandatory components – gender, adaptation etc.
- Estimation of costing supplemental chapters for NCs, including on research and systemic observation and other relevant information should be added to the costing table for BTRs as a first approximation of the supplemental chapters every four years.
- In response to the proposed costing table, participants pointed to elements that would require additional resources: finance and support needed, received and provided, tracking of action on mitigation, GHG inventory (time series required, reporting tables take more effort, inventory report is more detailed), and adaptation section.
- Some suggested the GEF to consider differentiated costing at this transitional stage (where capacity needs are greater as countries better understand their obligations and build technical expertise) versus later, when the new requirements are fully in place.

Potential options for providing support for the first BTR

Milena Gonzalez of the GEF Secretariat introduced the second part of the consultation with an overview of the existing modalities for supporting BURs and other projects under the GEF, and how they could be used for BTRs. She also presented on the potential resource implications to supporting BTRs in GEF-7. She raised additional factors for consideration including reporting requirements, sequencing of reports, administrative capacity of agencies, and challenges to streamlining application and implementation processes and to supporting multiple reports.

Finally, she presented three potential modalities for supporting the first BTR:

- Modality A – Stand-alone or bundled with NC

- Support about 50 countries through stand-alone or bundled requests on a first-come, first-served basis using existing modalities in GEF-7.
- Modality B – Umbrella Program
 - Plan for an umbrella program for BTRs that supports a set number of countries for inclusion in the June/December 2021 Work Program. If additional countries want to join, the umbrella program could be expanded prior to July 2022 if there are enough resources.
- Modality C – Amendment of existing Enabling Activity
 - Provide top-up resources to GEF-7 BURs/NCs already under implementation and with expected submission dates after 2022, so they meet BTR requirements.

The key questions posed to participants in this discussion were:

- How can the GEF sequence its support for countries' final BURs and first BTRs?
- What are the resource implications for GEF-7 and beyond?
- What is the experience of existing support modalities and how can these be enhanced?

The key points raised during this discussion were:

Timing/sequencing of BTRs

- A view was expressed that even though the deadline for the last BUR/first BTR is 2024, the general expectation/understanding among parties is that most BUR/stand-alone inventory report will be completed in advance of 2024 making the switch over to BTRs easier. Only some countries that have specific reporting elements (target for 2020) will need the 2024 timeline for BUR submission. This will help in figuring out last day of funding for BURs.
- In reaction to a proposed cut off deadline of January 2021 for BUR support, the postponement of the COP this year and thus the postponement of the finalization of the reporting tables was presented as a potential roadblock to phasing out BUR support before the end of 2021.
- Another issue raised was the need to better understand what the switch from BURs to BTRs would entail operationally, as there is a very short time to move from one set of guidelines to the new set.
- Regarding resource implications, it was acknowledged that the GEF was given guidance to support a report that was not accounted for in GEF-7 replenishment negotiations. The suggestion made was to support countries with their first BTR in a transitional period, while also figure out the modalities and resource needs for GEF-8 ahead of the start of the next replenishment negotiations. The project modality was suggested as a more timely and simpler one compared to programmatic modality.

Streamlining the process

- There was general agreement that the process needs to be accelerated and made more efficient – current process timelines were considered to be problematic in the BTR context. Elements to consider included the following:
 - Combine BTRs and NCs process/multiple BTRs but avoid triggering the full-size modality.
 - Simplify the process especially at PIF stage and remove redundancies since driven by the Convention.
 - In response, the GEF provided additional information regarding the differences between expedited enabling activity templates and PIF templates for non-expedited projects.
 - Periodic report with similar information

- While umbrella program might intend to increase efficiency, it might result in overall delays since problems in one country can result in a slowing down of process for the entire umbrella group of countries.
- Consider providing incentives to parties to choose NC and BTR combined.

Reactions to the Modalities presented

- Participants requested that GEF develop these more and provide more details for clarity. In general, they also suggested that GEF should develop guidelines for these.
 - Modality A – this is a possible way forward, more details needed, specifically on how NCs and BTRs would be combined.
 - Modality B – general sense that this is the least preferred option since the timeline issue remains. Why should this modality be available?
 - Modality C – most agreed that this might be a good way forward to address overlapping/transitional period
- Questions on developing a potential expedited Umbrella Program
 - Need to hear from LDCs and SIDs since Modality B is used most by them
 - If country is in the Umbrella program and wants to move to Modality C, would that be possible?

Next Steps

The meeting concluded on a positive note, with participants thanking the GEF Secretariat for the consultation and showing willingness to participate in future discussions. The GEF Secretariat outlined the following next steps:

- Costing of BTR elements in more detail with the feedback provided
- Developing further the programming modalities and guidelines
- Study further process elements to increase efficient across the support chain.