

Summary Report

Second Consultative Dialogue on the Capacity-building Initiative for Transparency

*Held August 25, 2016
Washington, DC, USA*

1. Background and Introduction

The Global Environmental Facility (GEF) Secretariat held its second Consultative Dialogue on the Capacity-building Initiative for Transparency (CBIT) on 25 August 2016. This dialogue was an opportunity to: 1) provide an update on the status of the CBIT Trust Fund establishment and operations; 2) discuss priorities for national and global programming, towards COP 22 and beyond; and 3) exchange information amongst participants and explore opportunities for collaboration.

The meeting provided a platform for feedback on steps needed to meet the GEF Secretariat's aim to speedily operationalize the CBIT. Subject to the finalization of Trust Fund establishment, availability of resources in the Trust Fund and technical clearance of projects, the GEF Secretariat is making an effort to approve the first set of projects prior to the upcoming 22nd Conference of Parties (COP22) to the United Nations Framework Convention on Climate Change (UNFCCC). In this context, the CBIT Consultative Dialogue particularly emphasized the flow of financial resources into the CBIT, programming priorities, timeline of project development and approval, and collaboration opportunities.

Participants, in person and through an online platform, included government officials from Germany, the United Kingdom, Brazil, and the United States. The GEF implementing agencies included Conservation International, Food and Agriculture Organization (FAO), United Nations Development Program (UNDP), United Nations Environment Program (UNEP), United Nations Industrial Development Organization (UNIDO), and the World Bank. Participating initiatives included: the Coalition on Paris Agreement Capacity Building, which is a consortium of individuals with expertise in MRV; and the Initiative for Climate Action Transparency (ICAT), represented by the World Resources Institute, UNEP DTU (a research partnership between UNEP and the Technical University of Denmark), and Verified Carbon Standard. The UNFCCC Secretariat was represented by its climate finance team.

2. Welcome Remarks and Participant Introductions

Gustavo Fonseca, Director of Programs, GEF, emphasized that the CBIT has moved quickly since COP21, and in a consultative manner. He stressed that the CBIT must now move as fast as possible to approve a project by COP22 and to program all available funds by the end of the GEF-6 period. By doing so, findings from CBIT can help mainstream transparency into the GEF-7 replenishment cycle.

3. Status of CBIT Trust Fund Development

Johnathan Caldicott, representing the World Bank as Trustee, said all required internal procedures to establish the CBIT Trust Fund are complete. The Trustee is now developing draft contribution agreements with the US and other donors, which they hope to finalize in September. The GEF Secretariat clarified these contribution agreements are similar to those already signed for the GEF Trust Fund, and do not require negotiating new terms or programming priorities. The Trustee also noted that contribution agreements differ by country; some donors will follow an installment payment schedule. Therefore, the funds coming in — and effective cash flow of the CBIT — will depend on upon the schedule agreed to by each contributor.

3. GEF Decisions and Procedures for the CBIT Trust Fund

Gustavo Fonseca and Chizuru Aoki, Lead Environmental Specialist, GEF, gave updates on GEF Council decisions related to the CBIT, programming directions, and steps needed to speedily deploy all CBIT funds before the end of GEF-6. Since the COP mandated the GEF to establish the CBIT with reporting to start in 2016, the GEF is committed to report good progress back to the COP in the form of an operational fund and if possible, approved project(s).

The Secretariat reminded participants that the 50th GEF Council in June 2016 approved both 1) the establishment of the CBIT Trust Fund with a sunset clause, and 2) a Programming Directions document. The Council allocated US \$10 million for global coordination and US \$40 million for country-level projects. The presenters emphasized that CBIT aligns with the GEF-6 results-based indicator framework, and that the CBIT will link with ongoing GEF programs related to implementation of Intended Nationally Determined Contributions (INDCs), including information systems, National Communications, Biennial Update Reports (BURs), and national capacity assessments.

The speakers clarified that projects approved in 2016 will need to be Medium Sized Projects (MSPs) under US \$2 million, which the GEF CEO can approve under delegated authority. The GEF Council must approve any projects above that, and the deadline to include Full Sized Projects over US \$2 million in the Work Program for consideration at the October 2016 Council meeting has passed. Thus, such Full Sized Projects would wait for the June 2017 council meeting, or potentially be included in an intercessional Work Program.

4. Initiative and Stakeholder Updates

Several initiatives involved in Measurement, Reporting, and Verification (MRV) and transparency gave updates, with a view to finding alignment and coordination with CBIT objectives. The ICAT presented that its project, which runs through 2018, includes developing methodologies for specific sectors and piloting the methods in-country. The Coalition on Paris Agreement Capacity-building said the organization is working with countries on MRV and IPCC guidelines. The FAO emphasized its engagement with many developing countries on MRV and inventories in the land-use and forestry sector.

5. CBIT Project Preparations at the National Level

The meeting then focused on spurring the first round of CBIT projects. The GEF team suggested phasing-in projects based on the practicalities of cash flow and the priorities identified by GEF Council. They recalled guidance from paragraph 85 of Paris Agreement, including to strengthen national institutions and to provide tools/training assistance. They noted that an initial challenge during 2016 will be to ensure effective programming under the constraints of the MSP funding ceiling of USD \$2 million.

Rawleston Moore, Senior Climate Change Specialist, GEF, presented on potential priorities for national projects. He noted many countries have a good foundation, having developed National Communications and BURs; some have results of International Consultation and Analysis (ICA), which suggest areas for improvement and priorities for capacity-building. He emphasized that the CBIT can help countries build on their existing reporting infrastructure to meet transparency priorities from the Paris Agreement. Participants suggested prioritizing countries that are ready for CBIT funding: those that have clearly-identified needs as well as capacity to engage.

6. CBIT Project Preparations at the Global Level

The discussion then considered how to organize the global coordination component of the CBIT. David Rodgers, Climate Mitigation Coordinator, GEF, proposed a “modular approach” consisting of MSPs on four different topics: coordination and facilitation; assessment of global transparency gaps; dissemination of best practices; and monitoring and documentation of global progress. This approach will enable the timely establishment of the global coordination mechanism, and facilitate the matching of priorities with possible resource flow in a practical manner.

Participants agreed that the modular approach could enable many actors to participate in the CBIT, especially given the funding threshold of MSPs. They emphasized that many different agencies and initiatives are involved in transparency, MRV, and the development of sector-specific methodologies. They encouraged the GEF Secretariat to work with these agencies and transparency initiatives to ensure coordination.

The GEF Secretariat then clarified the potential scope of global project proposals, reminding participants that one proposal need not cover all suggested topics. For example, one proposal could focus on methodologies while another might coordinate global knowledge-sharing. The GEF Secretariat explained that country-based programs are not required to serve or directly feed into the global component. Rather, the global component will have a large knowledge sharing element to facilitate countries to access information and lessons learned.

7. Next Steps: Toward COP22 and Beyond

Participants identified a need to determine which regional and global elements of the CBIT are the most critical to occur initially, especially for COP22. Participants offered to consider which elements most merit GEF’s early intervention. Several representatives of consortiums said they would think about how to cluster the work to avoid overlap, and to return to GEF with ideas and proposals.

The GEF Secretariat reminded donors that the GEF cannot approve any project until sufficient contributions are available in the Trust Fund; the cash flow into the CBIT directly affects number of projects that can be approved at any given time. The Secretariat requested donors to consider making initial contributions by early October, to allow GEF time to approve at least one project prior to COP22.

The GEF Secretariat also urged agencies and initiatives to begin crafting their proposals, noting that the CBIT templates can be accessed online. They suggested agencies and implementers begin the process by sending informal project ideas, so the GEF team can provide feedback.

The GEF Secretariat agreed map out further what agencies might be supported for which global-level activities. They will also seek suggestions for countries that could be early movers and potential agency partners. At the request of participants, GEF Secretariat also agreed to compile and circulate a list of who is active on ground on transparency, similar to UNDP's compilation of INDC/NDC implementers and partners.

The GEF Secretariat affirmed it will continue to convene CBIT dialogues to foster coordination and collaboration on transparency issues and continue to seek stakeholder and agency input.