



GEF/C.69/10

May 4, 2025

69th GEF Council Meeting
June 02 to 06, 2025
Washington, DC

Agenda Item 13

**DRAFT AMENDMENTS TO THE MEMORANDUM OF
UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES
TO THE UNITED NATIONS FRAMEWORK CONVENTION ON
CLIMATE CHANGE AND THE COUNCIL OF THE GLOBAL
ENVIRONMENT FACILITY**

Recommended Council Decision

The Council, having considered document GEF/C.69/10, *Draft Amendments to the Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility*:

- (a) Approves the draft amendments, as reflected in the *Amended Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility*, contained in Annex 1.
- (b) *Requests the Secretariat of the Global Environment Facility to transmit its approval to the Conference of the Parties.*

Introduction

1. The Memorandum of Understanding (MOU) between the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the Council of the Environment Facility (GEF) was approved by the GEF Council at its 7th meeting in April 1996 with Decision 8/1996. Decision 12/CP.2, adopted at COP 2 in July 1996, formalized the MOU and determined its entry into force.

Amendments to the MOU

2. The UNFCCC COP 29, held in November 2024, considered the need of amending the MOU. In its decision on the agenda item *Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility*,¹ the COP 29 adopted COP Decision -/CP.29, through which it “*requested that the modification [of the MOU] be submitted for consideration and approval by the Council of the GEF before the thirtieth session of the UNFCCC COP.*”

3. COP Decision -/CP.29 modifies the frequency of the communication from the COP to the GEF of any policy guidance approved by the COP concerning the Financial Mechanism.²

4. The Annex to COP Decision -/CP.29 includes the text of the modification, which is as follows:

Current Paragraph 3:

3. *The COP will, after each of its sessions, communicate to the Council of the GEF any policy guidance approved by the COP concerning the financial mechanism.*

Proposed new Paragraph 3:

3. *The Conference of the Parties will communicate to the Council of the Global Environment Facility any policy guidance approved by the Conference of the Parties concerning the Financial Mechanism:*

(a) Annually after each of its sessions, until the end of 2026, and biennially thereafter, after every other session;

¹ Decision -/CP.29 (Advance unedited version)

² COP 29 also decided that the same modification will be applied to the communication frequency between the COP and the Green Climate Fund.

(b) After each of its sessions immediately preceding the final year of each replenishment of the Global Environment Facility;

(c) Where applicable, after any session not referred to in paragraph 3(a–b) above, should the Conference of the Parties decide to do so.

5. COP Decision -/CP.29 also requested that the MOU amendment be submitted for consideration and approval by the Council of the GEF before the thirtieth session of the UNFCCC COP (COP30).

6. The text of a proposed draft Amended MOU is attached as Annex 1.

Process towards Approval of the MOU Amendment

7. The MOU includes provisions for its modification and entry into effect in its paragraphs 13 and 14, respectively:

Modification of the Memorandum of Understanding

13. This Memorandum of Understanding may only be modified in writing by agreement between the COP and the Council of the GEF.

Entry into effect

14. This Memorandum of Understanding shall come into force upon its approval by the COP of the Convention and the Council of the GEF.

8. The process towards the approval of the Amended MOU will have the following steps:
- (a) The COP decided to request the GEF Council to consider and approve the amended MOU;
 - (b) The GEF Council is invited to consider the draft amendments to the MOU, as presented in the Annex 1 of this document, and to approve the amended MOU at its 69th meeting;
 - (c) Once the GEF Council approves the amended MOU, it enters into force.

ANNEX 1.

AMENDED MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE AND THE COUNCIL OF THE GLOBAL ENVIRONMENT FACILITY

This Memorandum of Understanding is concluded between the Conference of the Parties (hereinafter referred to as "the COP") to the United Nations Framework Convention on Climate Change (hereinafter referred to as "the Convention") and the Council of the Global Environment Facility (hereinafter referred to as the "Council of the GEF"), the international entity entrusted on an interim basis with the operation of the financial mechanism referred to in Article 11 of the Convention.

INTRODUCTION

The Parties to this Memorandum of Understanding,

Recalling Article 11 of the Convention and recognizing that the financial mechanism is to provide financial resources on a grant and concessional basis, including for the transfer of technology, and is to function under the guidance of and be accountable to the COP, which shall decide on its policies, programme priorities and eligibility criteria related to the Convention,

Recalling Article 11.1 which states that the operation of the financial mechanism shall be entrusted to one or more existing international entities,

Recalling also the decision of the first session of the COP on the maintenance of the interim arrangements referred to in Article 21.3 that the restructured GEF shall continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism, referred to in Article 11,

Recalling further the willingness of the GEF to serve for the purposes of the financial mechanism of the Convention as provided in paragraph 6 of the Instrument for the Establishment of the Restructured Global Environment Facility (hereinafter referred to as "the Instrument"),

Recalling that, in accordance with Article 11.3, the COP and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to Article 11.1 and 11.2,

Recalling further that, in accordance with paragraph 27 of the Instrument, the Council of the GEF is to consider and approve cooperative arrangements with the COP,

Have agreed as follows:

Purpose of arrangements

1. The purpose of this Memorandum is to give effect to the respective roles and responsibilities of the COP, the supreme body of the Convention, and the GEF, the international entity entrusted with the operation of the financial mechanism and to provide for the required interaction between them under Article 11 of the Convention and paragraphs 26 and 27 of the Instrument.

Determination and communication of guidance from the COP

2. The COP will, pursuant to Article 11.1, decide on policies, programme priorities and eligibility criteria related to the Convention for the financial mechanism which shall function under the guidance of and be accountable to the COP.

3. The Conference of the Parties will communicate to the Council of the Global Environment Facility any policy guidance approved by the Conference of the Parties concerning the Financial Mechanism:

- (a) Annually after each of its sessions, until the end of 2026, and biennially thereafter, after every other session;
- (b) After each of its sessions immediately preceding the final year of each replenishment of the Global Environment Facility;
- (c) Where applicable, after any session not referred to in paragraph 3(a–b) above, should the Conference of the Parties decide to do so.

Conformity with COP guidance

4. The Council will ensure the effective operation of the GEF as a source of funding activities for the purposes of the Convention in conformity with the guidance of the COP. It will report regularly to the COP on its activities related to the Convention and on the conformity of those activities with the guidance received from the COP.

Reconsideration of funding decisions

5. The funding decisions for specific projects should be agreed between the

developing country Party concerned and the GEF in conformity with policy guidance from the COP. The Council of the GEF is responsible for approving the GEF work programmes. If any Party considers that a decision of the Council regarding a specific project in a proposed work programme does not comply with the policies, programme priorities and eligibility criteria established by the COP in the context of the Convention, the COP should analyse the observations presented to it by the Party and take decisions on the basis of compliance with such policies, programme priorities and eligibility criteria. In the event that the COP considers that this specific project decision does not comply with the policies, programme priorities and eligibility criteria established by the COP, it may ask the Council of the GEF for further clarification on the specific project decision and in due time may ask for a reconsideration of that decision.

Reports from the GEF to the COP

6. Annual reports of the GEF will be made available to the COP through its secretariat. Other official public documentation of the GEF will also be made available to the COP through its secretariat. In order to meet the requirement of its accountability to the COP, the Annual Report of the GEF will cover all GEF-financed activities carried out in implementing the Convention, whether such activities are carried out by the GEF Implementing Agencies, the GEF Secretariat or by executing agencies implementing GEF-financed projects. To this end, the Council of the GEF will require all such bodies, with respect to GEF-financed activities, to comply with GEF policy on disclosure of information.

7. In its reporting on GEF-financed activities under the financial mechanism, the GEF should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of GEF activities in the areas covered by the Convention and an analysis of how the GEF, in its operations related to the Convention, has implemented the policies, programme priorities and eligibility criteria established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved by the Council in the climate change focal area as well as a financial report with an indication of the financial resources required for those projects should be included. The Council should also report on its monitoring and evaluation activities concerning projects in the climate change focal area.

8. The Council of the GEF may seek guidance from the COP on any matter it considers relevant to the operation of the financial mechanism of the Convention.

Determination of funding necessary and available

9. In accordance with Article 11.3(d) of the Convention, which calls for arrangements

to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention and the conditions under which that amount shall be periodically reviewed, the COP and the Council shall jointly determine the aggregate GEF funding requirements for the purpose of the Convention. Procedures to facilitate such a joint determination will be developed by the COP and the Council and annexed to this Memorandum.

Cooperation between secretariats

10. The secretariats of the Convention and of the GEF shall cooperate and exchange on a regular basis views and experiences necessary to facilitate the effectiveness of the financial mechanism in assisting Parties to implement the Convention.

Representation in meetings of governing bodies

11. The participation of representatives of the Council of the GEF in meetings of the COP and of its subsidiary bodies will be governed by the rules of procedure of the COP. Likewise, the participation of representatives of the Convention in meetings of the Council of the GEF will be determined in accordance with the rules of procedure of the Council of the GEF. In formulating and applying its rules, each organization will make every effort to accord the other organization reciprocal representation privileges.

Review and evaluation of the financial mechanism

12. The COP will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the COP in its decision, pursuant to Article 11.4, on arrangements for the financial mechanism.

Modification of the Memorandum of Understanding

13. This Memorandum of Understanding may only be modified in writing by agreement between the COP and the Council of the GEF.

Entry into effect

14. This Memorandum of Understanding shall come into force upon its approval by the COP of the Convention and the Council of the GEF.

Termination

15. This Memorandum of Understanding may be terminated by either Party giving six months' notice in writing to the other.