

Decision 2/CP.16

Fourth review of the financial mechanism

The Conference of the Parties,

Recalling Article 4, paragraphs 3, 4, 5, 8, and 9, of the Convention,

Taking fully into account Article 11 of the Convention, in particular its paragraph 1,

Also recalling decisions 11/CP.1, 12/CP.2, 3/CP.4, 7/CP.7, 6/CP.13 and 3/CP.14,

Pursuant to Article 7, paragraph 2(h), of the Convention,

Noting that multilateral and bilateral agencies have scaled up financial resources related to the implementation of the Convention,

Also noting the annual report of the Global Environment Facility to the Conference of the Parties,

Taking note of the completion of the fifth replenishment of the Global Environment Facility that took place in Punta Del Este from 24 to 28 May 2010,

Further noting the report¹ on the Fourth Overall Performance Study of the Global Environment Facility,

1. *Takes note* of the findings of the Fourth Overall Performance Study, which was completed prior to the fifth replenishment, that:

(a) The Global Environment Facility support continues to be in line with guidance from the Conference of the Parties;

(b) Although developed country donors have provided new and additional funding for global environmental benefits to developing countries, this has been insufficient to cover the increasing agenda of the Global Environment Facility as agreed upon in the conventions;

(c) The Global Environment Facility support has been crucial in enabling countries to integrate climate change into their national development agendas;

(d) The Global Environment Facility support has assisted developing countries in introducing policies to address climate change and reduce and avoid greenhouse gas emissions;

(e) The Resource Allocation Framework has hindered the access of group countries to the Global Environment Facility, particularly in relation to climate change, which may explain some of the discontent of the climate change community with the Global Environment Facility;

(f) The Global Environment Facility reporting requirements to the conventions have generally been met, yet certain aspects require improvement;

(g) The move of the Global Environment Facility towards country-level programming has increased country ownership to some extent, but the current modalities for resource allocation require improvement;

¹ Global Environment Facility Evaluation Office. 2009. *Fourth Overall Performance Study of the GEF: Progress Toward Impact*. Full report.

(h) There is scope to further simplify and streamline the Global Environment Facility procedures, particularly the project identification phase, and improve timeliness throughout the project cycle;

(i) The Global Environment Facility needs a knowledge management strategy to improve learning and the sharing of best practices;

(j) The Global Environment Facility has played an important role in scaling up resources to address climate change;

2. *Welcomes* the successful negotiations of the fifth replenishment of the Global Environment Facility and notes that this is the largest increase in the climate change focal area since the Global Environment Facility was established, noting the increasing mitigation and adaptation needs of developing countries to be taken into account within the context of the Global Environment Facility;

3. *Decides* that the Global Environment Facility has provided and should continue to enhance its support to developing countries in:

(a) Meeting their commitments under the Convention;

(b) Strengthening national capacity-building;

(c) Applying and diffusing technologies, practices and processes for mitigation;

4. *Requests* the Global Environment Facility to continue improving its modalities to increase the responsiveness, effectiveness and efficiency of its support, including:

(a) Being responsive to new guidance from the Conference of the Parties;

(b) Including in its reporting to the Conference of the Parties a critical assessment of its experience with implementation of projects, as well as its experience with incorporating guidance from the Conference of the Parties into its strategies and programme priorities;

(c) Enhancing modalities which reinforce country ownership and improve the allocation of resources;

(d) Further simplifying and improving its procedures, particularly those for the identification, preparation and approval of activities;

(e) Ensuring that access to resources is expeditious and timely;

(f) Enabling country-level programming, where appropriate;

(g) Ensuring consistency and complementarity with other financing activities;

(h) Promoting private-sector financing and investment to address climate change activities;

(i) Strengthening its knowledge management approach to share best practices;

5. *Decides* that the Global Environment Facility should continue to provide and enhance support for the implementation of adaptation activities, including the implementation of national adaptation programmes of action, through the Least Developed Countries Fund and the Special Climate Change Fund;

6. *Requests* the Global Environment Facility, in its regular report to the Conference of the Parties, to include information on the steps it has taken to implement the guidance provided in paragraphs 3, 4 and 5 above;

7. *Invites* Parties to submit to the secretariat annually, no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations

in writing on elements to be taken into account in developing guidance to the Global Environment Facility;

8. *Requests* the Subsidiary Body for Implementation to initiate the fifth review of the financial mechanism at its thirty-seventh session in accordance with the criteria contained in the guidelines annexed to decisions 3/CP.4 and 6/CP.13, or as these guidelines may be subsequently amended, and to report on the outcome to the Conference of the Parties at its nineteenth session.

*9th plenary meeting
10–11 December 2010*