



**UNITED
NATIONS**



**Framework Convention
on Climate Change**

Distr.
LIMITED

FCCC/SBI/2010/L.15
9 June 2010

Original: ENGLISH

SUBSIDIARY BODY FOR IMPLEMENTATION

Thirty-second session

Bonn, 31 May to 9 June 2010

Agenda item 5 (a)

Financial mechanism of the Convention

Fourth review of the financial mechanism

Fourth review of the financial mechanism

Draft conclusions proposed by the Chair

1. The Subsidiary Body for Implementation (SBI) decided to conclude its consideration of issues under this sub-item at its thirty-third session, on the basis of the draft text contained in the annex, with a view to recommending a draft decision for adoption by the Conference of the Parties at its sixteenth session.
2. The SBI noted the implementation of its request¹ made at SBI 28 for the secretariat to provide information on the assessment of financing needs of Parties not included in Annex I of the Convention (non-Annex I Parties) to implement mitigation and adaptation measures in its consideration of the fourth review of the financial mechanism through the national, economic, environment and development studies (NEEDS), in which 11 non-Annex I Parties participated with the support of the Governments of Norway, the United States of America and Spain.
3. The SBI requested the secretariat to compile and synthesize the information contained in the NEEDS reports of those 11 countries for consideration by the SBI at its thirty-third session.

¹ FCCC/SBI/2008/8, paragraph 30.

Annex

[ENGLISH ONLY]

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,

Takes note of the completion of the GEF fifth replenishment 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 Convention;
- (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 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;

¹ Global Environment Facility Evaluation office. Fourth Overall Performance Study of the GEF Progress Toward Impact. Full report, 9 November 2009.

- (g) The move of the Global Environment Facility towards country-level programming has increased country ownership to some extent, but that the current modalities for resource allocation require improvement;
 - (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 fifth replenishment of the GEF and notes that this is the largest increase since the GEF was established [if pledges made by all contributing countries can be accomplished].]
3. *Invites* developed country Parties to provide, through bilateral and regional and other multilateral channels, financial resources related to the implementation of the Convention;
4. *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;
5. *Requests* the GEF 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) Reporting from the Global Environment Facility to the convention should include 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 practice;

6. *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 plans of action, through the Least Developed Country Fund and Special Climate Change Fund;

7. *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 4, 5 and 6 above;

8. *Invites* Parties to submit to the secretariat annually, no later than ten weeks prior to the Conference of the Parties, their views and recommendations in writing elements to be taken into account in developing guidance to the Global Environment Facility.

9. *Also 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.]
