



CONFERENCE OF THE PARTIES
Second session
Geneva, 8 - 19 July 1996
Agenda item 6 (b)

**DECISIONS TO PROMOTE THE EFFECTIVE IMPLEMENTATION OF
THE CONVENTION**

FINANCIAL MECHANISM

GUIDANCE TO THE GLOBAL ENVIRONMENT FACILITY

Recommendation of the Subsidiary Body for Implementation

At its third session, the Subsidiary Body for Implementation decided to recommend the following draft decision for adoption by the Conference of the Parties at its second session:

Guidance to the Global Environment Facility

The Conference of the Parties,

Recalling Article 11.1 and 11.3 of the Convention,

Recalling also Articles 12.5, 4.3, 4.7 and 4.8 thereof,

Bearing in mind decision 11/CP.1 of the Conference of the Parties at its first session and its conclusions reached at its second session,

Noting the Report of the Global Environment Facility to the second session of the Conference of the Parties (FCCC/CP/1996/8),

Expressing concern over difficulties encountered by developing country Parties in receiving the necessary financial assistance from the Global Environment Facility due to, *inter alia*, the application of the Global Environment Facility operational policies on eligibility criteria, disbursement, project cycle and approval, the application of its concept of incremental costs, and guidelines which impose considerable administrative and financial costs on developing country Parties,

Also expressing concern over difficulties encountered by Parties not included in Annex I of the Convention in seeking funds from the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention, for the preparation of their initial national communications,

Welcoming the information by the Global Environment Facility on its efforts to ensure that funding activities are in conformity with guidance provided by the Conference of the Parties and, in particular, its expedited procedures to support enabling activities in the climate change focal area,

1. *Decides* to adopt the following guidance to the Global Environment Facility, as the interim operating entity of the financial mechanism of the Convention. In this regard, the Global Environment Facility should:

(a) In the initial period, implement strategies on enabling activities in accordance with decision 11/CP.1, which facilitate endogenous capacity building, including data collection and archiving, consistent with the policy guidance, programme priorities and eligibility criteria provided to it by the Conference of the Parties;

(b) In providing the financial resources needed by developing country Parties to meet the agreed full incremental costs of implementing measures covered by Article 4.1 of the Convention in accordance with Article 4.3, take steps to facilitate this provision of financial resources, including the enhancement of transparency and the flexible and pragmatic application of its concept of incremental costs on a case-by-case basis;

(c) Together with its implementing agencies, expedite the approval and the disbursement of financial resources to meet the agreed full costs incurred by the developing country Parties in complying with their obligations under Article 12.1 of the Convention, in accordance with Article 4.3, and in particular for the initial and subsequent preparation of national communications of non-Annex I Parties. In this regard, the guidelines and format adopted by the Conference of the Parties at its second session on the preparation of initial national communications by non-Annex I Parties contained in decision ----/CP.2 shall form the basis for funding of communications from non-Annex I Parties under Article 12.1 of the Convention;

(d) Consider country-specific needs and other approaches which may be used for several countries with similar needs, upon request, and take into account that the preparation of national communications is a continuing process;

(e) When funding the agreed full costs for the preparation of national communications from non-Annex I Parties, finance the agreed full incremental costs of projects related to other commitments contained in the Convention only upon request of the interested party;

2. *Invites* developing country Parties that are interested in receiving assistance for enabling activities, in particular for the preparation of national communications in accordance with Article 12 of the Convention, to avail themselves of the financial resources being made available from the financial mechanism for such purposes;

3. *Requests* the Global Environment Facility, as the interim operating entity of the financial mechanism, to report to the Conference of the Parties at its third session on the implementation of this guidance, including on experience gained in the application of the concept of agreed full incremental costs;

4. *Requests* the Subsidiary Body for Implementation at its fourth session to undertake the review process referred to in decision 9/CP.1 and to report on the outcome to the Conference of the Parties at its third session.

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