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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR IMPLEMENTATION

Eighth session

Bonn, 2-12 June 1998

Agenda items 4 (a) and 4 (b)

PROPOSALS ON FINANCIAL MECHANISM

Submission by the Group of 77 and China

Note by the secretariat

1. The attached proposals were submitted by Indonesia on behalf of the Group of 77 and China in connection with the work of the eighth session of the Subsidiary Body for Implementation, and in particular with reference to items 4 (a) and 4 (b), "Financial mechanism: (a) Review process referred to in decision 9/CP.1; (b) Guidance to the Global Environment Facility".
2. In accordance with the procedure for miscellaneous documents, the attached submission is reproduced in the language in which it was received and without formal editing.

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Proposal No. 1

**G77 AND CHINA DRAFT DECISION ON
THE REVIEW OF THE FINANCIAL MECHANISM**

The Conference of the Parties,

Recalling its decisions 9/CP.1, 11/CP.2 and 11/CP.3,

Recalling also the review process undertaken by the SBI in accordance with decision 11/CP.2,

Taking note of the report of the study of the GEF's overall performance,

Decides that the restructured GEF shall be an entity on an interim basis entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention,

Decides, in accordance with Article 11.4 of the Convention, to regularly review the financial mechanism every four years, in accordance with criteria and guidelines to be established by the SBI, with a view towards taking appropriate measures.

Proposal No. 2

**DRAFT DECISION OF THE GROUP OF 77 AND CHINA ON ADDITIONAL
GUIDANCE TO THE FINANCIAL MECHANISM**

Recalling its decisions 11/CP.1;10/CP.2; and 11/CP.2

Recalling further that the Global Environment Facility, as stated in its Operational Principles for Development and Implementation of its Work Programme, will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities;

Recognizing the need to provide clear guidance for the effective implementation of the Convention;

Expressing grave concern over the continued difficulties encountered by developing countries in complying fully with their obligations due to constraints in the availability and dispersal process of financial resources on a grant and concessional basis, including for the transfer of technology;

Expressing further continued concern over problems arising from the project cycle, the application of the concept of incremental costs, and the availability of resources through the Implementing Agencies

Noting the need to examine and address the impacts of the implementation of response measures, in particular for those countries listed in Article 4.8 of the Convention;

1. *Decides* to request the Global Environment Facility, as an operating entity of the financial mechanism, to provide the necessary financial resources to developing country Parties to:

a) implement the adaptation measures such as, the analysis of a adaptation options, including the need for development of new technologies and opportunities for adapting existing technologies in new settings; the development of adaptive management strategies for use in vulnerable areas, including advanced planning to avoid worst impacts, the protection of threatened ecosystems, pilot hazard insurance schemes; and the implementation of effective measures that emphasize defence of vulnerable areas, population centres, economic activities and natural resources;

b) respond to the need for improving existing, and setting up technology information centres as stated in paragraph 2 (b) of decision 9/CP.3, through the establishment of dedicated/specialised information systems, comprising of enhanced national and regional centres, that would, inter alia, facilitate national/regional access to the information provided by international centres, and strengthen national/regional capacities to work with these centres

for the dissemination of information, information services, and transfer of environmentally-sound technologies and know-how in support of the Convention;

c) in accordance with Article 5 of the Convention, enhance the strengthening of observational networks and research to reduce scientific uncertainties relating to the causes, effects, magnitude and timing of climate change, including capacity to determine the economic and social consequences of various response strategies;

d) meet the agreed full costs of the preparations of subsequent national communications of non-Annex I countries, taking into account that, as stated in paragraph 1 (d) of decision 11/CP.2, the preparation of national communications is a continuing process, and in accordance with Article 4.3 of the Convention;

e) assist non-Annex I Parties in the studies leading to the preparation of national programmes to address climate change in accordance with Article 4.1 (b) of the Convention, and paragraph 13 of the Annex to Decision 10/CP.2;

f) in implementation of Article 6 of the Convention, and in accordance with paragraph 1 (b) (iii) under programme priorities, improve national public awareness and education on climate change and response measures, in cooperation with other relevant UN agencies where necessary;

g) implement the relevant conclusions of the workshops and other meetings for non-Annex I Parties, as contained in Section IV of FCCC/SBI/1998/INF.3, for the electronic availability, translation, reproduction and dissemination of initial national communications from non-Annex I Parties; and

h) provide the necessary financial and technical support for assisting and addressing the impacts of the implementation of response measures in particular for those countries listed in Article 4.8, as a first step through the identification of these impacts at national level.

2. *Requests* the Global Environment Facility to take the necessary steps to ensure that its Implementing Agencies are performing their obligations in accordance with the decisions adopted by the Conference of the Parties, and within the context of the principles of the Convention, following national priorities and objectives, including as a first priority the use of national experts in all aspects of the project development and implementation, whenever possible.

3. *Requests* Secretariat, in accordance with Article 8.2 (c), to provide the necessary assistance to developing country Parties to avail themselves of the financial resources being made available from the financial mechanism for such purposes;

4. *Requests* the GEF to include in its report to the Conference of the Parties the specific steps it has undertaken to implement the provisions of this decision.

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