

SUBSIDIARY BODY FOR IMPLEMENTATION
Sixth session
Bonn, 28 July - 5 August 1997

FCCC/SB1/1997/CRP.3
4 August 1997

ENGLISH ONLY

Proposed Chairman's Draft

on

Agenda item 5 of the Subsidiary Body for Implementation at its sixth session

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

[Decision --/CP.--]

Review of the Financial Mechanism

The Conference of the Parties,

Recalling Article 11.4 of the Convention, decisions 9/CP.1 and 11/CP.2,

Noting the guidelines adopted at the fifth session of the Subsidiary Body for Implementation, for the review of the Global Environment Facility in its role as the operating entity of the financial mechanism on an interim basis,

Noting with appreciation the information so far received from the Global Environment Facility, the synthesis report by the secretariat presented to the Subsidiary Body for Implementation at its sixth session and the FIRST compilation of views submitted by Parties; [AND ALSO THE WORK DONE BY THE Global Environment Facility SINCE ITS INCEPTION.],

[*Noting* also the WORK DONE by the Global Environment Facility since its inception, including its restructuring and first replenishment;],

[Noting further the INITIAL concerns AND VIEWS raised SO FAR by some [non-Annex I] Parties on their experiences with the financial mechanism as detailed in documentS FCCC/SBI/1997/MISC.3 AND ADDENDUM 1, AS WELL AS THE RELEVANT PREAMBULAR PARAGRAPHS IN DECISION 11/CP.2 and recognizing the need for these issues to be dealt with effectively and in a transparent manner;],

Welcoming the relevant outcomes of the Nineteenth Special Session of the United Nations General Assembly pertaining to the Global Environment Facility, which recognized that:

[(A) IMPLEMENTATION OF AND COMPLIANCE WITH COMMITMENTS MADE UNDER INTERNATIONAL TREATIES AND OTHER INSTRUMENTS IN THE FIELD OF ENVIRONMENT REMAINS A PRIORITY. IMPLEMENTATION CAN BE PROMOTED BY SECURE, SUSTAINED AND PREDICTABLE FINANCIAL SUPPORT, SUFFICIENT INSTITUTIONAL CAPACITY, HUMAN RESOURCES AND ADEQUATE ACCESS TO TECHNOLOGY.];

(a) Continued and full donor commitments to adequate, sustained and predictable funding for Global Environment Facility operations is important for developing countries so that global environmental benefits can be further achieved;

(b) Donor countries are urged to engage in providing new and additional resources, with a view to equitable burden-sharing, through a satisfactory replenishment of the Global Environment Facility, which makes available grant and concessional funding designed to achieve global environmental benefits, thereby promoting sustainable development;

(c) Consideration should be given to further exploring the flexibility of the existing mandate of the Global Environment Facility in supporting activities to achieve global environmental benefits;

(d) With regard to the project cycle, further efforts should be made to continue streamlining the decision-making process in order to maintain an effective and efficient, as well as transparent, participatory and democratic framework.

Recognizing the need to obtain further views and additional information as contained in the Guidelines adopted by the Subsidiary Body for Implementation at its fifth session, [the fact that the experience with the Global Environment Facility for most [SOME] Parties is new and the need for a substantial second replenishment of the Global Environment Facility;]

[*Recognizing* also the need to establish a process whereby the activities of the financial mechanism can be considered on a continual basis by the Subsidiary Body for Implementation;]

[Option 1

1. Decides to appoint the Global Environment Facility as the financial mechanism of the Convention, subject to satisfactory future reviews which shall take place at intervals no greater than four years.
2. Decides to initiate arrangements for Parties to further consider the activities of the Global Environment Facility and which shall add to the information available for future reviews. These arrangements shall include the following:
 - (a) Any Party that wishes to bring issues regarding the performance of financial mechanism to the attention of the Subsidiary Body for Implementation shall submit details to the secretariat no later than two months before its next session;
 - (b) The secretariat shall forward these details to the Global Environment Facility Secretariat with the request that, where required, they provide a response in sufficient time for the secretariat to publish both the Party's submission and the Global Environment Facility's response and make this available in a compilation document for the consideration of the next meeting of the Subsidiary Body for Implementation.
3. This process shall be additional to those established under the Memorandum of Understanding between the Global Environment Facility and the Conference of the Parties for the reconsideration of funding decisions as allowed for under Article 11.3(c) and the review of the financial mechanism by the Conference of the Parties on the conformity of its activities with the policies, programme priorities and eligibility criteria established by the Conference of the Parties.]

[Option 2

1. Decides that further information, in accordance with the guidelines for the review process, should be provided.
2. Decides to continue the review process through the Subsidiary Body for Implementation in accordance with the criteria established in the guidelines adopted by the Subsidiary Body for Implementation at its fifth session.
3. Decides that the Global Environment Facility continues to operate the financial mechanism of the Convention on an interim basis pending the outcome of reviews of the Financial Mechanism by the Conference of the Parties at its fourth session, to be completed in accordance with decisions 9/CP.1 and 11/CP.2 and with the guidelines adopted at the fifth session of the Subsidiary Body for Implementation.]

