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Twenty-first session

Buenos Aires, 6–14 December 2004

Agenda item 5 (b)

Financial mechanism of the Convention

Report of the Global Environment Facility to the Conference of the Parties

Report of the Global Environment Facility to the Conference of the Parties

Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its twenty-first session, decided to recommend the following draft conclusions for adoption by the Conference of the Parties at its tenth session.

**Draft conclusions on the report of the Global Environment Facility to the
Conference of the Parties**

1. The Conference of the Parties (COP) considered the report of the Global Environment Facility¹ (GEF) containing information on its major activities from 1 July 2003 to 30 June 2004 and additional information provided by the GEF, and noted that several comments were made on issues covered by the report which will be addressed in greater detail under other agenda items of the subsidiary bodies. The COP noted that the GEF has continued to take account of COP guidance in performing its role as an operating entity of the financial mechanism of the Convention.
2. The COP also took note of information provided on the current level of funding for full- and medium-sized projects, small grants programme activities, enabling activities and project preparation activities. It noted with satisfaction important progress made in supporting the implementation of projects in the areas of renewable energy (operational programme 6 (OP 6)) and energy efficiency and energy conservation (OP 5). It noted, however, that additional efforts are required to achieve similar progress in the areas of sustainable transport (OP 11) and low-greenhouse-gas-emitting energy technologies (OP 7). It also urged the GEF, in its future reports to the COP, to place more emphasis on the results and impacts of projects it has financed, drawing on existing GEF reports and information.

¹ FCCC/CP/2004/6.

3. The COP further took note of the establishment by the GEF of a technical support programme to assist countries in resolving difficulties encountered in the preparation of their national communications. It also welcomed the establishment of an advisory committee and a project implementation committee to address coordination and technical issues, respectively, in order to ensure effective work delivery, and implementation of the global project to support the preparation of national communications in accordance with COP guidance. In order to avoid duplication of efforts, it invited the GEF to ensure that the technical support programme works closely with the Consultative Group of Experts on National Communication from Parties not included in Annex I to the Convention (CGE). It also requested the GEF to continue providing it with information on its support to Parties not included in Annex I to the Convention (non-Annex I Parties) for the preparation of their national communications.

4. The COP noted information provided by the GEF on its ongoing work in the areas of monitoring and evaluation, strategic planning, and streamlining the GEF project cycle. It invited the GEF to further simplify its processes and procedures, to ensure prompt access by developing countries to GEF resources, and to include information on progress made in these areas in its report to the COP at its eleventh session (November 2005). The COP encouraged the GEF to continuously look for ways to keep administrative costs low so as to maximize resources available to assist developing countries.

5. The COP further welcomed the support provided to the least developed countries (LDCs) in preparing their national adaptation programmes of action (NAPAs), as well as the preparations made by the GEF to support the implementation of NAPAs. It noted with concern that only one NAPA has so far been completed and invited the GEF, its implementing agencies and LDCs to work closely to expedite the preparation of NAPAs. It further noted that additional resources will be mobilized to replenish the LDC Fund and invited the GEF to ensure that the provision of financial resources to support the implementation of NAPAs is consistent with COP guidance.

6. The COP welcomed the outcome of the first pledging meeting of potential donors to the Special Climate Change Fund (SCCF), held in Washington, D.C., United States of America, on 16 November 2004, and noted that USD 34.6 million has been pledged for the SCCF. It urged the GEF to continue its efforts to mobilize additional resources to support the implementation of eligible project activities under the Fund, while continuing to ensure financial separation between the SCCF and the other funds with which the operating entity is entrusted. It noted the concerns of some Parties on the co-financing sliding proportional scale under the SCCF.

7. The COP also welcomed the efforts of the GEF to operationalize its strategic approach to enhance capacity-building, and invited the GEF to strengthen its efforts aimed at implementing the key elements of its approach to enhance capacity-building in non-Annex I Parties, in particular the country capacity-building programmes for LDCs and small island developing States.

8. The COP noted the information provided by the GEF in response to guidance by the COP on the provision of financial support to non-Annex I Parties to support activities relating to technology needs assessments, and emphasized the need for the GEF to expedite action in providing support to Parties that have not yet carried out their needs assessments. It also encouraged Parties that have received financial support, but have not yet completed and submitted the assessment, to do so as soon as possible, so that the information may be shared with other Parties.

9. The COP welcomed information provided by the GEF on its support for activities relating to education, training and public awareness under Article 6 of the Convention, and urged the GEF to continue its work of exploring further opportunities to support the efforts of non-Annex I Parties to implement activities relating to Article 6 of the Convention and to report on progress to the COP at its eleventh session.

10. The COP recalled that in accordance with the provisions of Article 11 of the Convention and as provided in the memorandum of understanding concluded between the COP and the Council of the GEF, annexed to decision 12/CP.2, the financial mechanism of the Convention shall function under the guidance of, and be accountable to, the COP, which shall decide on its policies, programme priorities and eligibility criteria for the purposes of the Convention.

11. The COP took note of information provided by the GEF on the progress made so far in the development of its resource allocation framework and encouraged the GEF to ensure that the methodologies, indicators and data employed to develop the framework are consistent with the provisions of Article 11 of the Convention and the memorandum of understanding concluded between the COP and the Council of the GEF, and guidance provided by the COP to the GEF.

12. The COP also invited the GEF to ensure that it allocates adequate resources under the GEF Trust Fund to support the implementation of adaptation activities, consistent with the COP guidance to the GEF.

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