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INTERGOVERNMENTAL NEGOTIATING  
COMMITTEE FOR A FRAMEWORK  
CONVENTION ON CLIMATE CHANGE  
Seventh session  
New York, 15-20 March 1993  
Agenda item 7

### ADOPTION OF THE REPORT OF THE COMMITTEE ON ITS SEVENTH SESSION

#### Draft report\*

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#### Addendum

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\* The present document contains section VI of the report. Sections I and II are contained in document A/AC.237/L.17, and sections V and VII in document A/AC.237/L.17/Add.1. The remaining sections will be issued in further addenda.

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III. MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL  
MECHANISM AND FOR TECHNICAL AND FINANCIAL SUPPORT  
TO DEVELOPING COUNTRY PARTIES

1. At its 1st plenary meeting, on 15 March 1993, the Intergovernmental Negotiating Committee, in accordance with its decision 1/1 (A/AC.237/6, annex II), allocated agenda item 2 (Matters relating to arrangements for the financial mechanism and for technical and financial support to developing country Parties) to Working Group II.

2. At its 1st meeting, on 16 March, Working Group II, bearing in mind rule 46 of the rules of procedure of the Committee, maintained the decision taken at its second session (A/AC.237/9, para. 36) that its meetings would be open unless it decided otherwise. Subsequently, Working Group II held \_\_\_ open meetings from 15 to \_\_\_ March 1993.

A. Implementation of article 11 (Financial mechanism),  
paragraphs 1-4

3. Working Group II considered sub-item 2 (a) (Implementation of article 11 (Financial mechanism), paras. 1-4) at its 1st to \_\_\_ meetings, on 15 to \_\_\_ March. It had before it the following documentation:

(a) Note by the secretariat on the implementation of article 11 (Financial mechanism) (A/AC.237/26);

(b) Note by the secretariat on selected background documentation relating to the Global Environment Facility (GEF) (A/AC.237/26/Add.1);

(c) Note by the secretariat on further information on the work of the Global Environment Facility (GEF) (A/AC.237/26/Add.2).

4. At the 1st meeting, on 16 March, the Executive Secretary of the Intergovernmental Negotiating Committee made an introductory statement.

5. At the 2nd meeting, on 16 March, a statement was made by the Administrator of the Global Environment Facility.

6. Statements were made by the representatives of \_\_\_ States, including one speaking on behalf of the States Members of the United Nations that are members of the Group of 77 and one speaking on behalf of the States Members of the United Nations that are members of the European Economic Community.

B. Provision to developing country Parties of technical and  
financial support

7. Working Group II considered sub-item 2 (b) (Provision to developing country Parties of technical and financial support) at its 4th meeting, on 17 March.

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8. For its consideration of the sub-item, the Working Group had before it a note by the Executive Secretary on the review of the activities of the interim secretariat, including the review of extrabudgetary funds (A/AC.237/28, sect. I.A).

9. Statements were made by the representatives of 12 States, including one speaking on behalf of the States Members of the United Nations that are members of the European Economic Community.

### C. Conclusions

10. On the recommendation of Working Group II, the Committee agreed upon the following conclusions:

#### Financial mechanism

(a) In the framework of the preparation of the first session of the Conference of the Parties, where the issue of the financial mechanism will be decided and in the perspective of the forthcoming sessions of the Participants' Assembly of GEF, the Committee, in accordance with its decision taken during its sixth session, undertook a first discussion at this session on matters relating to the implementation of article 11 under the Convention as well as to the interim arrangements provided under article 21, paragraph 3. The discussion took place in the light of the information and analysis provided by the secretariat (A/AC.237/26 and Add.1-2). In this context the Administrator of the GEF made a presentation to the Committee;

(b) The Committee decided to focus its work on this item on matters related to the functional linkages between the Conference of the Parties and the operating entity or entities of the financial mechanism, under the terms of article 11 of the Convention;

(c) In deciding on this priority, the Committee took note of the timetable of activities aimed at the restructuring and the replenishment of the GEF by the end of 1993. It resolved to contribute to both these processes in a constructive and timely manner, in accordance with its mandate and with the aim that the GEF satisfy the requirements of the Conference of the Parties to the Convention;

#### (i) Policies, programme priorities and eligibility criteria

(d) The Committee considered the provision of guidance to the financial mechanism on policies, programme priorities and eligibility criteria, in accordance with article 11, paragraph 1, of the Convention;

(e) It recalled that the financial mechanism should function under the guidance of and be accountable to the Conference of the Parties which should decide on its policies, programme priorities and eligibility criteria related to the Convention. It further concluded that articles 4, 5 and 6 would be the basis from which priorities would be drawn;

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(f) It requested the Bureau of Working Group II to submit proposals on these subjects to it at its eighth session, taking account of views expressed at its current session and others that might be submitted to the secretariat;

(g) In this connection, the Committee underlined the importance of agreement on approaches to the determination of "agreed full incremental costs" as specified in article 4, paragraph 3, of the Convention. The Committee requested the Executive Secretary to work on these approaches and to inform it at its eighth session of the progress achieved in this regard;

(ii) Governance and accountability

(h) The Committee further considered matters relating to the governance of the financial mechanism and to its accountability to the Conference of the Parties in accordance with article 11, paragraphs 1 to 3, and article 21, paragraph 3 of the Convention;

(i) The Committee recalled that in accordance with article 11.1 the Convention requires that the financial mechanism shall be equitable and balanced in its representation of all parties within a transparent system of governance;

(j) Reports from the operating entity to the Conference of the Parties should include specific information on how it has applied the guidance and decisions of the Conference of the Parties in its work related to the Convention;

(k) The Chairman of the Committee, and subsequently the Chairman of the Conference of the Parties, should be represented at meetings of the GEF Participants Assembly. It was also felt that the Chairman of the GEF Participants Assembly should establish a regular and more formal representation at INC sessions.

(iii) Linkages between the Conference of the Parties and the Global Environment Facility (GEF)

(1) Having reviewed the need for arrangements under article 11, paragraph 3 to be agreed between the Conference of the Parties and the operating entity or entities of the financial mechanism, the Committee requested the Bureau with the assistance of the Executive Secretary, to prepare a report in for consideration at its eighth session on modalities for the functioning of operational linkages between the COP and the GEF as an operating entity of the financial mechanism, in accordance with the provisions of the Convention, taking into account the views expressed by delegations and others;

(iv) Amount of funding

(m) With respect to the determination of the amount of funding necessary and available for the implementation of the Convention, the Committee considered that it would be important, as a first step, for the ongoing

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replenishment of the GEF for the period 1994-1996 to take full account of funding needs related to the Convention. These needs arise in connection with the obligations of developing country Parties to communicate information under article 12, paragraphs 1 and 5, of the Convention, from the need of developing and other countries for support in their preparations for the implementation of commitments under the Convention and from the wide range of opportunities for developing countries to undertake projects in the 1994-1996 period that are consistent with those commitments;

(n) In this context, the Committee requested the Executive Secretary, under the guidance of the Bureau, to prepare a preliminary list of elements relevant to the assessment of the needs for funding from the GEF for activities related to the Convention in the three years 1994-1996 for consideration at its next session;

(v) Future work

(o) The Committee resolved to give priority at its eighth session to the consideration by Working Group II of the implementation of article 11 (Financial Mechanism) and to the adoption of such decisions as might be necessary in the context of the Committee's mandate on guidance to the GEF concerning its policies, programme priorities and eligibility criteria related to the Convention, including the determination of "agreed full incremental costs";

(p) The Committee requested its Chairman to convey the above conclusions to the forthcoming meeting of the Participants in the GEF at Beijing, China (26-28 May 1993);

Technical and financial cooperation: Information exchange on national climate change country studies

(q) The Committee considered the response of the Executive Secretary (document A/AC.237/28, sect. I.A) to its request on this subject at its sixth session (document A/AC.237/24, para. 51). It noted that the Executive Secretary proposed to explore the feasibility of a joint project with UNEP to establish and operate an information exchange system that would be a first step in support of article 12, paragraph 7, of the Convention. The main objective of this system would be to facilitate and coordinate external support, on request, for activities in developing and other countries related to the Convention. It welcomed the statement by the Executive Director of UNEP confirming its willingness to collaborate in such a joint project under the auspices of the interim secretariat;

(r) The Committee requested the Executive Secretary, in conjunction with UNEP, to proceed with the elaboration of the proposed joint project, taking account of the views expressed by delegations in the discussion of this item, and to seek extrabudgetary funding for the project, possibly through the GEF. It further requested the Executive Secretary to report on progress to the Committee at its eighth session.

#### IV. PROCEDURAL, INSTITUTIONAL AND LEGAL MATTERS

##### A. Rules of procedure of the Conference of the Parties

11. At its 1st plenary meeting, on 15 March 1993, the Intergovernmental Negotiating Committee also allocated item 3 (Procedural, institutional and legal matters) to Working Group II.
12. Working Group II considered sub-item 3 (a) (Rules of procedure of the Conference of the Parties) at its 4th and 5th meetings, on 17 and 18 March.
13. For its consideration of the sub-item, the Working Group had before it a note by the secretariat on the rules of procedure of the Conference of the Parties (A/AC.237/27).
14. At the 4th meeting, on 17 March, the Executive Secretary made an introductory statement. At the same meeting, the Legal Adviser of the interim secretariat made a statement in explanation of document A/AC.237/27.
15. Statements were made by the representatives of 10 States, including one speaking on behalf of the States Members of the United Nations that are members of the European Economic Community.
16. At the 5th meeting, on 18 March, on the proposal of the Co-Chairman, speaking on behalf of the Bureau, Working Group II decided to defer further discussion of the sub-item until the eighth session of the Intergovernmental Negotiating Committee.
17. At the 6th and 7th meetings, on 18 and 19 March, the Working Group was informed by the Co-Chairman that statements had been made in plenary session on behalf of non-governmental organizations, with regard to, inter alia, the rules of procedure of the Conference of the Parties.

##### B. Conclusion

18. On the recommendation of Working Group II, the Committee agreed upon the following conclusion:

Having considered the draft rules of procedure for the COP submitted by the interim secretariat in document A/AC.237/27, the Committee requested the secretariat to submit to its eighth session a revision of these draft rules, taking account of comments by delegations as well as those that might be received from the United Nations Office of Legal Affairs. Further consideration of this item was deferred to the eighth session.

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