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SUBSIDIARY BODY FOR IMPLEMENTATION  
Thirty-first session  
Copenhagen, 8–12 December 2009

Agenda item 5 (a)  
Financial mechanism of the Convention  
Fourth review of the financial mechanism

## **Fourth review of the financial mechanism**

**Draft conclusions proposed by the Chair**

### **Recommendation of the Subsidiary Body for Implementation**

The Subsidiary Body for Implementation, at its thirty-first session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its fifteenth session:

### **Draft decision -/CP.15**

## **Fourth review of the financial mechanism**

*The Conference of the Parties,*

1. *Requests* the Subsidiary Body for Implementation to continue its consideration of the fourth review of the financial mechanism at its thirty-second session on the basis of the draft text contained in the annex to this decision, with a view to recommending a draft decision for adoption by the Conference of the Parties at its sixteenth session;
2. *Decides* to complete the consideration of the fourth review of the financial mechanism at its sixteenth session.

Annex

[ENGLISH ONLY]

**Text for a draft decision for consideration by the Subsidiary Body  
for Implementation at its thirty-first session**

**Draft decision [-/CP.15]**

**Fourth review of the financial mechanism**

*[The Conference of the Parties,*

*Recalling* Article 4, paragraphs 3, 4, 5, 8, and 9, of the Convention,

*Taking fully into account* Article 11 of the Convention, in particular its paragraph 1,

*Also recalling* decisions 11/CP.1, 12/CP.2, 3/CP.4, 6/CP.13 and 3/CP.14,

*Pursuant* to Article 7, paragraph 2(h), of the Convention,

*Noting* that multilateral and bilateral agencies have scaled up financial resources related to the implementation of the Convention,

*Also noting* the annual report of the Global Environment Facility to the Conference of the Parties,

*Further noting* the report<sup>1</sup> on the Fourth Overall Performance Study of the Global Environment Facility,

1. *Takes note* of the findings of the Fourth Overall Performance Study that:
  - (a) The Global Environment Facility support continues to be in line with guidance from the Convention;
  - (b) [Although developed country donors have provided new and additional funding for global environmental benefits to developing countries, this has been insufficient to cover the increasing agenda of the Global Environment Facility as agreed upon in the conventions];
  - (c) The Global Environment Facility support has been crucial in enabling countries to integrate climate change into their national development agendas;
  - (d) The Global Environment Facility support has assisted developing countries in introducing policies to address climate change and reduce and avoid greenhouse gas emissions;
  - (e) The Resource Allocation Framework has hindered the access of group countries to the Global Environment Facility, particularly in climate change, which may explain some of the discontent of the climate change community with the Global Environment Facility;

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<sup>1</sup> Global Environment Facility Evaluation office. Fourth Overall Performance Study of the GEF Progress Toward Impact. Full report, 9 November 2009.

- (f) The Global Environment Facility reporting requirements to the Conventions have generally been met, yet certain aspects require improvement;
  - (g) The move of the Global Environment Facility towards country-level programming has increased country ownership to some extent, but that the current modalities for resource allocation require improvement;
  - (h) There is scope to further simplify and streamline the Global Environment Facility procedures, particularly the project identification phase, and improve timeliness throughout the project cycle;
  - (i) The Global Environment Facility needs a knowledge management strategy to improve learning and the sharing of best practices;
  - (j) The Global Environment Facility has played an important role in scaling up resources to address climate change;
2. *Calls upon* developed country Parties and invites other Parties that make financial contributions to the Global Environment Facility to ensure a successful fifth replenishment in order to assist in providing adequate and predictable funding;
3. *Invites* the Global Environment Facility, as an operating entity of the financial mechanism, to continue to ensure active participation of recipient partners in the replenishment process;
4. *Also invites* developed country Parties to provide, through bilateral and regional and other multilateral channels, financial resources related to the implementation of the Convention;
5. *Decides* that the Global Environment Facility has provided and should continue to enhance its support to developing countries in:
- (a) Meeting their commitments under the Convention;
  - (b) Strengthening national capacity-building;
  - (c) Applying and diffusing technologies, practices and processes for mitigation;
  - (d) [Taking into account low-carbon development and adaptation needs across all GEF focal areas, as appropriate;] [All focal areas, taking into account low-carbon development and adaptation needs;]
  - (e) [Developing synergies between the Multilateral Environmental Agreements;] [addressing the interaction between the components of the climate system;]
6. *Requests* the GEF to continue improving its modalities to increase the responsiveness, effectiveness and efficiency of its support, including:
- (a) Being responsive to new guidance from the Conference of the Parties;
  - (b) Reporting from the Global Environment Facility to the convention should include a critical assessment of its experience with implementation of projects, as well as its experience with incorporating guidance from the Conference of the Parties into its strategies and programme priorities;
  - (c) Enhancing modalities which reinforce country ownership and improve the allocation of resources;

- (d) The future resource allocation system in the Global Environment Facility should [exclude] [prioritize] funding for [the agreed full cost of national communications] [communications to the convention, since they are mandatory and are supposed to be paid in full by the Global Environment Facility];
- (e) Further simplifying and improving its procedures, particularly those for the identification, preparation and approval of activities;
- (f) Ensuring that access to resources is expeditious and timely;
- (g) Enabling country-level programming, where appropriate;
- (h) Ensuring consistency and complementarity with other financing activities;
- (i) Promoting private-sector financing and investment to address climate change activities;
- (j) Strengthening its knowledge management approach to share best practice;

7. *Decides* that the Global Environment Facility should continue to provide and enhance support for the implementation of adaptation activities, including the implementation of national adaptation plans of action, through the Least Developed Country Fund and Special Climate Change Fund;

8. [Decides] [that the Global Environment Facility] [Urges all Parties [in a position to do so] [to] examine all options available, to scale up the funding available for the implementation of obligations under Articles 4, paragraphs 3, 4 and 5, of the Convention;

9. [Further reiterates decision 7/CP.7 that predictable and adequate levels of funding shall be made available to Parties not included in Annex I to the Convention [to meet the agreed full incremental cost of complying with their obligations under the convention]];

10. *Requests* the Global Environment Facility, in its regular report to the Conference of the Parties, to include information on the steps it has taken to implement the guidance provided in paragraphs 3, 5, 6 [and 7] above;

11. *Also requests* the Subsidiary Body for Implementation to initiate the fifth review of the financial mechanism at its thirty-seventh session in accordance with the criteria contained in the guidelines annexed to decisions 3/CP.4 and 6/CP.13, or as these guidelines may be subsequently amended, and to report on the outcome to the Conference of the Parties at its nineteenth session.]

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