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ADOPTION OF THE REPORT OF THE COMMITTEE
ON ITS TENTH SESSION

Draft Report

Rapporteur: Maciej SADOWSKI (Poland)

Addendum

Conclusions of Working Group II

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
VI. MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL MECHANISM AND FOR TECHNICAL AND FINANCIAL SUPPORT TO DEVELOPING COUNTRY PARTIES		
A. Implementation of Article 11 (Financial Mechanism), paras. 1-4		
B. Consideration of the maintenance of the interim arrangements referred to in Article 21, para. 3		

- C. Provision to developing country Parties of technical and financial support

Annex

Decision 10/- on temporary arrangements between the Committee and the Global Environment Facility

WORKING GROUP II

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

A. Implementation of Article 11 (Financial mechanism), paras 1-4

1. Proceedings

1. Working Group II considered sub-item 4(a), Implementation of Article 11 (Financial mechanism), paras. 1-4, at its 2nd to 5th meetings and its 7th to 15th meetings, from 23 August to 1 September. It dealt with matters concerning the implementation of the provisions of Article 11 of the Convention, and had before it the following documents relating to the sub-item prepared by the interim secretariat:

- (a) Implementation of Article 11 (Financial mechanism) - Issues to be addressed by the Committee: a preliminary overview), (A/AC.237/67 and Add. 1);
- (b) Synthesis report on adaptation (A/AC.237/68);
- (c) Report on specific near-term priorities and needs of developing countries (A/AC.237/69);
- (d) Summary of the "Guidelines for the preparation of first communications by Annex I Parties" (Annex to Committee decision 9/2) (A/AC.237/70);
- (e) Relevant activities outside the financial mechanism: consistency with Convention policies (A/AC.237/71);
- (f) Report on a permanent and feasible monitoring system and on the activities of regional and multilateral financial and other institutions relevant to climate change (A/AC.237/72);
- (g) Progress report by the interim secretariat on agreed full incremental costs (A/AC.237/73);
- (h) Modalities for the functioning of operational linkages between the Conference of the Parties and the operating entity or entities of the financial mechanism: legal opinion of the United Nations Office of Legal Affairs (A/AC.237/74);

(i) Submissions from Parties or other member States on the specific near-term priorities and needs of developing countries, adaptation and issues related to financial mechanism (A/AC.237/Misc. 38 and Add. 1);

2. Statements were made under this sub-item by representatives of ... States, including one speaking on behalf of the Group of 77 and China, and one on behalf of the European Community and its member States.

3. At the 4th meeting, on 24 August, a statement was made by the observer for a non-governmental organization.

4. At the 10th meeting, on 30 August, the representative of India reported on the findings of an expert meeting of the Group of 77 and China on communication of information under Article 12.1 by non-Annex I Parties.

5. Having discussed proposals by the Co-Chairmen, the Working Group at its 14th meeting, on 1 September, recommended a draft decision on Temporary arrangements between the Committee and the Global Environment Facility and, at its 15th meeting on 1 September, recommended conclusions on the sub-item.

2. Conclusions

6. On the recommendation of Working Group II, the Committee, at its 7th plenary meeting on 2 September, adopted decision 10/.. on temporary arrangements between the Committee and the Global Environment Facility, which is contained in annex 1.

7. At the same meeting, on the recommendations of the Working Group II, the Committee agreed upon the following conclusions relating to the implementation of Article 11 (Financial mechanism), paras. 1-4:

8. Concerning all the issues addressed during the session, it was understood that the work of the Committee was a continuing process and that the Committee would return to them at its eleventh session in order to build on agreements reached including those of its eighth and ninth sessions and make recommendations thereon to the Conference of the Parties at its first session.

9. With respect to activities undertaken under Article 11, the Committee concluded that:

Within the framework of the financial mechanism:

(a) The operating entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/programmes should be on a grant basis;

(b) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, national development priorities of each country;

(c) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions.

(d) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism:

(i) be supportive of the national development priorities which contribute to a comprehensive national response to climate change.

(ii) be consistent with and supportive of the relevant provisions of internationally agreed programmes of actions for sustainable development in line with the Rio Declaration and Agenda 21 and UNCED-related agreements;

(iii) be sustainable and lead to wider application;

(iv) be cost-effective;

(e) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of the developing country Parties to address climate change.

10. With regard to activities undertaken outside the framework of the financial mechanism:

Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP.

11. Regarding programme priorities, the Committee concluded that :

Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties, such as planning, endogenous capacity building including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures.

12. The Committee took note of the paper presented by the Group of 77 and China on the format for communication of information by non-Annex I Parties and decided to take it up for discussion at the eleventh session.

13. With regard to eligibility criteria for countries, the Committee concluded that:

(a) Eligibility criteria will apply to countries and to activities and will be applied in accordance with Articles 11.1, 11.2 and 11.3;

(b) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3.

14. Concerning eligibility criteria for activities, the Committee concluded that:

(a) Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;

(b) Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;

(c) In addition to the above, such measures would be eligible for financial support under Article 11.5.

15. Regarding adaptation, the Committee agreed on the following:

(a) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and which should be implemented on a stage-by-stage basis in developing countries that are Party to the Convention. In the short term, the following stage is envisaged:

(b) Stage I: Planning, which includes studies of possible impacts of climate change to identify particularly vulnerable countries or regions and policy options for adaptation, and appropriate capacity building.

(c) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

(i) Stage II: Measures, including further capacity building, which may be taken to prepare for adaptation, as envisaged by Article 4.1 (e).

(ii) Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Articles 4.1 (b) and 4.4.

(d) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the IPCC, and any emerging evidence of the adverse effects of climate change, the COP may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the conclusions of the INC and the Convention.

(e) Funding for the implementation of such adaptation measures and activities would be provided as follows:

(f) For Stage I, the COP at its first session, shall entrust to the Global Environment Facility (GEF), the interim operating entity of the Financial Mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1(b) and 4.1(e)) of the Convention, and relevant capacity building.

(g) If it is decided in accordance with paragraph (d) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Annex II Parties will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Articles 4.3 and 4.4 of the Convention.

(h) In its review of the financial mechanism of the Convention, the COP, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the conclusions reached by the INC and its own decisions on this issue, must decide on the channel/channels, under Article 11 of the Convention, to be used for the funding referred to in paragraph (g) above, to implement the adaptation measures envisaged in Stages II and III.

16. On agreed full incremental costs, the Committee concluded that the various issues of incremental costs were complex and difficult and that further discussion on the subject was therefore needed. It also concluded that the application of the concept of "agreed full incremental costs" should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard would be developed by the COP at a later stage on the basis of experience and submitted to the GEF. In this regard, the interim secretariat was requested to seek further information from countries, international organizations and relevant groups and to compile this information for consideration by the Committee at its eleventh session.

17. Concerning the transfer of technology, the interim secretariat was requested to prepare a paper on transfer of technology covered by the Convention including elements of a framework for such transfer, modalities and ways and means of operationalizing the relevant articles mentioned in the Convention pertaining to transfer of technology. In addition, delegations were invited to submit their views on this issue by mid-October.

18. On modalities for the functioning of operational linkages between the COP and the operating entity of the financial mechanism, it was agreed that:

(a) The COP, the supreme body of the Convention, and the entity or entities entrusted with the operation of the financial mechanism, shall agree upon arrangements to give effect to the provisions of paragraphs 1 and 2 of Article 11 through the operational linkages which are discussed below;

(b) In line with Article 11.1 of the Convention, the COP will, after each of its sessions, communicate to the governing body of the operating entity relevant policy guidance for implementation and action by that governing body, which shall accordingly ensure the conformity of the entity's work with the guidance of the COP. Guidance from the COP will address issues relating to policies, programme priorities and eligibility criteria, as well as possible relevant aspects of the activities of the operating entity that are related to the Convention;

(c) The governing body of the operating entity has the responsibility of ensuring that funded projects related to the Convention are in conformity with the policies, eligibility criteria and programme priorities established by the COP. It will report regularly to the COP on its activities related to the Convention and the conformity of these activities with the guidance received from the COP;

(d) Regular reports by the Chairman or secretariat of the operating entity to its governing body will be made available to the COP through its secretariat. Other official documentation of the operating entity should also be made available to the COP through its secretariat;

(e) In addition, the COP should receive and review at each of its sessions a report from the governing body of the operating entity which should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of this entity in the areas covered by the Convention and an analysis on how the entity, in its operations, implemented the policies, eligibility criteria and programme priorities related to the Convention established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved in the areas covered by the Convention, as well as a financial report including accounting and evaluation of its activities in the implementation of the Convention, indicating the availability of resources, should be included;

(f) In order to meet the requirements of its accountability to the COP, reports submitted by the governing body of the operating entity should cover all its activities carried out in implementing the Convention, whether decisions on such activities are made by the governing body of the operating entity or by bodies operating under its auspices for the implementation of its programme. To this end, it shall make such arrangements with such bodies as might be necessary regarding the disclosure of information;

(g) The funding decisions for specific projects should be agreed between the developing country Party concerned and the operating entity in conformity with policy guidance from the COP. However, if any Party considers that a decision regarding one of the specific projects does not comply with the policies, eligibility criteria and programme priorities established by the COP in the context of the Convention, the COP should analyse the observations presented and take decisions on the basis of compliance with such policies, eligibility criteria and programme priorities. In the event that the COP considers that this specific project decision does not comply with the policies, eligibility criteria and programme priorities established by the COP, it may ask the governing body of the operating entity for further clarification on this specific project decision and in due time ask for a reconsideration of that decision;

(h) The COP will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the COP in its decision, pursuant to Article 11.4, on the arrangements for the financial mechanism.

19. The Committee invited the interim secretariat to elaborate, for consideration at INC XI, substantive elements that will need to be included in the arrangements that are to be drawn up under Article 11.3 of the Convention. These elements should be elaborated in consultation with the secretariat of the GEF.

B. Consideration of the maintenance of the interim arrangements referred to in Article 21, para. 3

1. Proceedings

20. Working Group II considered sub-item 4 (b), Consideration of the maintenance of the interim arrangements referred to in Article 21, para.3, at its 7th meeting, on 26 August. It had before it the following documents relating to the sub-item:

(a) Implementation of Article 11 (Financial mechanism) - Issues to be addressed by the Committee: a preliminary overview), (A/AC.237/67);

(b) Modalities for the functioning of operational linkages between the Conference of the Parties and the operating entity or entities of the financial mechanism: legal opinion of the United Nations Office of Legal Affairs (A/AC.237/74).

21. At the same meeting, the Working Group decided to recommend to the Committee that the sub-item should be deferred to the eleventh session of the Committee.

2. Conclusion

22. On the recommendation of Working Group II, the Committee, at its 7th plenary meeting on 2 September, decided to defer consideration of the maintenance of the interim arrangements referred to in Article 21, para. 3, to its eleventh session.

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

1. Proceedings

23. Working Group II considered sub-item 4(c) at its 6th meeting on 25 August and its 14th meeting on 1 September. It had before it a note by the interim secretariat entitled "Climate Convention Cooperation Programme" (A/AC.237/75) which was introduced by a representative of the interim secretariat and by representatives of UNDP, UNEP and UNITAR, co-authors of different parts of the note.

24. Statements were made by representatives of 16 States, including one on behalf of the European Community and its member States. Representatives generally welcomed progress on the joint information exchange programme carried out by the interim secretariat and UNEP, formerly known as Climex (CC:INFO) and on the joint training programme carried out by UNITAR and the interim secretariat (CC:TRAIN), and they commended the utility of both these programmes. One representative commented on the positive experience of being involved in the pilot phase of CC:TRAIN. Some representatives requested information on how to participate in these programmes.

25. Representatives welcomed the concept and general objectives of the Climate Convention Cooperation Programme (CC:COPE), namely to promote coordinated action by multilateral and bilateral technical assistance agencies in response to the Convention. Some representatives sought and obtained clarification from the interim secretariat concerning the role of the GEF secretariat in the development of the concept. A few representatives expressed concern that the interim secretariat should not exceed the mandate to facilitate and provide technical support, on request, indicated in Articles 8 and 12.7 of the Convention.

2. Conclusions

26. The Committee noted with satisfaction the progress achieved on CC:INFO and requested the interim secretariat and UNEP to continue their efforts to update the data base on a regular basis, to improve modes of dissemination (e.g., electronic means, Internet), to increase the variety of information contained within CC:INFO, and to report on further progress to its eleventh session.

27. The Committee noted with satisfaction the progress achieved on CC:TRAIN and looked forward to the outcome of the evaluation due later in 1994 as part of the preparations for the

second phase of that programme. The Committee requested the interim secretariat and UNITAR to continue their efforts to complete the pilot phase of the programme, to prepare, in the light of the evaluation, a full proposal for the second phase and to report on further progress to its eleventh session. The Committee welcomed the proposal that the second phase of CC:TRAIN should include inter alia hispanophone and francophone countries.

28. The Committee supported the objectives of CC:COPE mentioned in document (A/AC.237/75), stressed the importance of providing timely financial assistance related to these objectives to developing country Parties on request, and recognized the need for cooperation and coordination among agencies in the design and delivery of such assistance. This is particularly relevant to the preparation of national communications under Article 12.1 of the Convention.

29. The Committee noted that CC:COPE was intended by its authors to meet these needs through the provision of coordinated assistance, particularly to developing country Parties, for the implementation of enabling activities for capacity building, which have been identified as priority by the Committee.

30. The Committee requested the Executive Secretary to continue his consultations with the Chief Executive Officer of the GEF and with other donors, as well as with its partners in CC:COPE, to explore how proposals corresponding to the objectives in document A/AC.237/75 could be developed for implementation and funding, and to report to its eleventh session on progress achieved and any difficulties encountered.

ANNEX

Decision 10/--

TEMPORARY ARRANGEMENTS BETWEEN THE COMMITTEE AND THE GLOBAL ENVIRONMENT FACILITY

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling Article 11 of the United Nations Framework Convention on Climate Change which states that the financial mechanism shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to the Convention as well as other relevant provisions of that article, in particular its paragraph 3,

Recalling also Article 21.3 of the Convention which entrusted the operation of the financial mechanism on an interim basis to the Global Environment Facility and called for the GEF to be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11,

Recalling further paragraph 6 of the General Assembly resolution 47/195 of 22 December 1992 entitled "Protection of global climate for present and future generations of mankind" which decided that the Intergovernmental Negotiating Committee shall continue to function in order to prepare for the first session of the Conference of the Parties to the Convention, and, in that context to contribute to the effective operation of the interim arrangements set out in Article 21 of the Convention,

Taking note of paragraph 6 of the Instrument for the Establishment of the Restructured Global Environment Facility accepted by the Participants in the GEF at Geneva on 16 March 1994 and subsequently adopted by the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the International Bank for Reconstruction and Development (IBRD) which states that in partial fulfilment of its purposes, the GEF shall on an interim basis operate the financial mechanism for the implementation of the Convention,

Noting also paragraph 27 of the Instrument for the Establishment of the Restructured Global Environment Facility which states that with regard to each Convention referred to in paragraph 6, (the Climate Change Convention included) until the first meeting of the Conference of the Parties, the Council shall consult the Convention's interim body,

1. Invites the Global Environment Facility as the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention on an interim basis to take note of the conclusions reached by the Committee at its tenth session on guidance to the operating entity and to ensure that activities approved between now and the first session of the Conference of the Parties (COP) by the GEF Council, within the framework of the financial mechanism of the Convention are in conformity with those conclusions:

(a) With respect to activities undertaken under Article 11, the Committee concluded that:

Within the framework of the financial mechanism:

(i) The operating entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/programmes should be on a grant basis;

(ii) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, national development priorities of each country;

(iii) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions.

(iv) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism:

- be supportive of the national development priorities which contribute to a comprehensive national response to climate change.

- be consistent with and supportive of the relevant provisions of internationally agreed programmes of actions for sustainable development in line with the Rio Declaration and Agenda 21 and UNCED-related agreements;

- be sustainable and lead to wider application;

- be cost-effective;

(v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of the developing country Parties to address climate change.

(b) Regarding programme priorities, the Committee concluded that :

Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties, such as planning, endogenous capacity building including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures.

(c) With regard to eligibility criteria for countries, the Committee concluded that:

(i) Eligibility criteria will apply to countries and to activities and will be applied in accordance with Articles 11.1, 11.2 and 11.3;

(ii) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3.

(d) Concerning eligibility criteria for activities, the Committee concluded that:

(i) Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;

(ii) Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;

(iii) In addition to the above, such measures would be eligible for financial support under Article 11.5.

(e) Regarding adaptation, the Committee agreed on the following:

(i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and which should be implemented on a stage-by-stage basis in developing countries that are Party to the Convention. In the short term, the following stage is envisaged:

(ii) Stage I: Planning, which includes studies of possible impacts of climate change to identify particularly vulnerable countries or regions and policy options for adaptation, and appropriate capacity building.

(iii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

- Stage II: Measures, including further capacity building, which may be taken to prepare for adaptation, as envisaged by Article 4.1 (e).
- Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Articles 4.1 (b) and 4.4.

(iv) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the IPCC, and any emerging evidence of the adverse effects of climate change, the COP may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the conclusions of the INC and the Convention.

(v) Funding for the implementation of such adaptation measures and activities would be provided as follows:

(vi) For Stage I, the COP at its first session, shall entrust to the Global Environment Facility (GEF), the interim operating entity of the Financial Mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1(b) and 4.1(e)) of the Convention, and relevant capacity building.

(vii) If it is decided in accordance with paragraph (iv) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Annex II Parties will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Articles 4.3 and 4.4 of the Convention.

(viii) In its review of the financial mechanism of the Convention, the COP, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the conclusions reached by the INC and its own decisions on this issue, must decide on the channel/channels, under Article 11 of the Convention, to be used for the funding referred to in paragraph (vii) above, to implement the adaptation measures envisaged in Stages II and III.

(f) On agreed full incremental costs, the Committee concluded that the various issues of incremental costs were complex and difficult and that further discussion on the subject was therefore needed. It also concluded that the application of the concept of "agreed full incremental costs" should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard would be developed by the COP at a later stage on the basis of experience and submitted to the GEF.

2. Also invites the GEF to take note of the following conclusions reached by the Committee with respect to the modalities for the functioning of operational linkages between the COP and the operating entity of the financial mechanism:

(a) The COP, the supreme body of the Convention, and the entity or entities entrusted with the operation of the financial mechanism, shall agree upon arrangements to give effect to the provisions of paragraphs 1 and 2 of Article 11 through the operational linkages which are discussed below;

(b) In line with Article 11.1 of the Convention, the COP will, after each of its sessions, communicate to the governing body of the operating entity relevant policy guidance for implementation and action by that governing body, which shall accordingly ensure the conformity of the entity's work with the guidance of the COP. Guidance from the COP will address issues relating to policies, programme priorities and eligibility criteria, as well as possible relevant aspects of the activities of the operating entity that are related to the Convention;

(c) The governing body of the operating entity has the responsibility of ensuring that funded projects related to the Convention are in conformity with the policies, eligibility criteria and programme priorities established by the COP. It will report regularly to the COP on its activities related to the Convention and the conformity of these activities with the guidance received from the COP;

(d) Regular reports by the Chairman or secretariat of the operating entity to its governing body will be made available to the COP through its secretariat. Other official documentation of the operating entity should also be made available to the COP through its secretariat;

(e) In addition, the COP should receive and review at each of its sessions a report from the governing body of the operating entity which should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of this entity in the areas covered by the Convention and an analysis on how the entity, in its operations, implemented the policies, eligibility criteria and programme priorities related to the Convention established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved in the areas covered by the Convention, as well as a financial report including accounting and evaluation of its activities in the implementation of the Convention, indicating the availability of resources, should be included;

(f) In order to meet the requirements of its accountability to the COP, reports submitted by the governing body of the operating entity should cover all its activities carried out in implementing the Convention, whether decisions on such activities are made by the governing body of the operating entity or by bodies operating under its auspices for the implementation of its programme. To this end, it shall make such arrangements with such bodies as might be necessary regarding the disclosure of information;

(g) The funding decisions for specific projects should be agreed between the developing country Party concerned and the operating entity in conformity with policy guidance from the COP. However, if any Party considers that a decision regarding one of the specific projects does not comply with the policies, eligibility criteria and programme priorities established by the COP in the context of the Convention, the COP should analyse the observations presented and take decisions on the basis of compliance with such policies, eligibility criteria and programme priorities. In the event that the COP considers that this specific project decision does not comply with the policies, eligibility criteria and programme priorities established by the COP, it may ask the governing body of the operating entity for

further clarification on this specific project decision and in due time ask for a reconsideration of that decision;

(h) The COP will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the COP in its decision, pursuant to Article 11.4, on the arrangements for the financial mechanism.

3. Invites further the GEF to take note of the following conclusion of the Committee with respect to activities undertaken outside the framework of the financial mechanism:

Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP.

4. Invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the COP to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by COP at its first session. A report containing information on the development of an operational strategy in the climate change area and on the initial activities in this field should also be provided for consideration by the COP at its first session taking into account paragraph 2 (v) and (vi) above.

5. Requests the Executive Secretary to provide appropriate inputs to the Chief Executive Officer/Chairperson of the GEF, with a view to ensuring that the provisions of the Convention and the conclusions reached by the Committee are fully reflected in those parts of the operational strategy of the GEF that relate to climate change.