

16 June 1998

\* ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR IMPLEMENTATION

Eighth session

Bonn, 2-12 June 1998

Agenda items 4 (a) and 4 (b)

PROPOSALS ON FINANCIAL MECHANISM

Submission by the European Community and its member States

Note by the secretariat

1. The attached proposal was submitted by the European Community and its member States in connection with the work of the eighth session of the Subsidiary Body for Implementation (SBI), and in particular with reference to items 4 (a) and 4 (b), "Financial Mechanism: (a) Review process referred to in decision 9/CP.1; (b) Guidance to the Global Environment Facility".

2. In accordance with the procedure for miscellaneous documents, the attached submission is reproduced in the language in which it was received and without formal editing.

FCCC/SBI/1998/MISC.4/Add.1/Rev.1

GE.98-

---

\* In order to make this submission available on electronic systems, including the World Wide Web, it has been electronically scanned and/or retyped. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

DRAFT DECISION OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ON THE REVIEW OF THE GEF AND ADDITIONAL GUIDANCE.

The Conference of the Parties

Recalling Articles 4.1, 4.3, 4.5 and 11,

Also recalling Decisions 11/CP.1, 11/CP.2, 12/CP.2 and 1/CP.3

Noting the contents of the Memorandum of Understanding between the GEF and the Convention as contained in decision 9/CP.1;

Further recalling its agreement at the 5th Session of the Subsidiary Body for Implementation on the guidelines for the review of the financial mechanism as contained FCCC/SBI/1997/6,

Welcoming the statement of the first Assembly of the GEF held in Delhi and the list of measures agreed therein, based upon the independent 'Overall Performance Study of the GEF';

Further welcoming the successful outcome of the second replenishment of the Global Environment Facility Trust Fund in the amount of \$2.75bn. for its four focal areas,

Bearing in mind the relevant provisions of the Kyoto protocol and the need for the GEF's activities to be consistent with these provisions;

1. Decides to appoint the GEF as the financial mechanism of the Convention as called for in Decisions 9/CP.1 & 11/CP.2 on an ongoing basis subject to regular future reviews in accordance with the guidelines agreed at the SBI's 5th meeting.

2. Further decides to adopt the following guidance to the GEF as the financial mechanism. In this regard the GEF shall:

- i. support capacity building for country driven activities and projects for:
  - the further assessment of technology needs to fulfil the commitments of developing countries under the convention;
  - the identification of sources and supplies of these technologies, including through technology information centres;
  - capacity building and the determination of modalities for the absorption and acquisition of these technologies.
- ii. Support, through its implementing agencies, the translation and dissemination of the national communications of developing countries. In this regard, make such communications available through electronic media.

3. Further improve its activities and performance by
  - i. further streamlining its project cycle with a view to making project preparation simpler, more transparent and more country driven;
  - ii. further simplifying and expediting procedures for approval and implementation, including disbursement, for GEF funded projects;
  - iii. making the process for the determination of incremental costs more transparent and its application more pragmatic.
  
4. Further requests the GEF to consider the relevant provisions of the Kyoto Protocol in the evolution of its operational strategies, operational programmes and the preparation of its future work programmes.

- - - - -