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ENGLISH ONLY

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

CONFERENCE OF THE PARTIES

Fourth session

Buenos Aires, 2-13 November 1998

Agenda item 4 (b)

**REVIEW OF THE IMPLEMENTATION OF COMMITMENTS AND  
OF OTHER PROVISIONS OF THE CONVENTION**

**FINANCIAL MECHANISM**

**Comments by Parties on the financial mechanism**

**Note by the secretariat**

**Addendum**

1. In addition to the submissions already received and contained in documents FCCC/CP/1998/MISC.3 and Add.1, one additional submission has been received.
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.\*

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

SUBMISSION BY THE UNITED STATES OF AMERICA

**DRAFT DECISION OF THE UNITED STATES ON STATUS OF, AND GUIDANCE FOR, THE FINANCIAL MECHANISM**

The Conference of the Parties

*Recalling* Articles 4.1, 4.3, 4.5, and 11 of the Convention;

*Further recalling* Decisions 11/CP.1, 11/CP.2, 12/CP.2 and 1/CP.3;

*Noting* the Memorandum of Understanding between the GEF and the Convention;

*Welcoming* the Report of the Second Replenishment of the GEF Trust Fund completed in March, 1998 and the provision of new and additional funds for [addressing climate change, loss of biological diversity, degradation of international waters, and degradation of the ozone layer] [work in the GEF's four focal areas] in the context of sustainable economic development;

*Recognizing* the common objective of ensuring that the entity operating the financial mechanism is as effective and efficient as possible, and that the GEF focus on maximizing its effectiveness in the many areas of work it has already taken on, including those areas indicated in past guidance of the COP;

*Further recognizing* the importance of consistency of the activities under the financial mechanism with the principle of incremental costs of Article 4 of the Convention;

*Expressing satisfaction* with the GEF's successful efforts to streamline the GEF project cycle, increase support for country coordination, and enhance its education and outreach activities;

3. *Decides* that the GEF shall be the entity to operate the financial mechanism referred to in Article 11 of the Convention;
4. *Decides* to adopt the following additional guidance for the operating entity of the financial mechanism;
5. *Requests* that GEF:
  - (a) Ensure that its activities are country-driven and fully integrated into national development plans and initiatives, and ensuring that its activities are not undermined by other existing or planned policies or programs;
  - (b) Further develop its resource allocation strategy to maximize global impacts and the effectiveness of its operations;

- (c) Have as a top priority the strengthening of its monitoring and evaluation functions, including the development and implementation of performance indicators, to maximize effectiveness of activities under its Operational Programs, to best disseminate lessons learned from its experience, and to stimulate the transfer and adoption of new “hard” and “soft” technologies by developing countries;
- (d) Expand opportunities for the execution of its activities by [those entities referred to in paragraph 28 of its Instrument] regional development banks and non-governmental organizations and promote greater coordination and cooperation with bilateral funding organizations;
- (e) Work with its Implementing Agencies to promote measures achieving global environmental benefits within the context of their regular programs;
- (f) Make the process of determining incremental costs more transparent and its application more pragmatic, ensuring that the process assists developing countries to identify and provide support those activities consistent with the objectives of the Convention that are also justifiable in the context of economic development;
- (g) Explore new opportunities for private sector partnerships, seek greater coordination with other institutions to assist developing countries to develop the policies, legal environment, and institutional capacity needed to acquire and absorb technologies through private sector investment, and continue to develop new financing modalities for facilitating commercial technology transfer.

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