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SUBSIDIARY BODY FOR IMPLEMENTATION

Seventeenth session  
New Delhi, 23–29 October 2002  
Agenda item 5 (c)

**FINANCIAL MECHANISM**  
**REVIEW OF THE FINANCIAL MECHANISM**

The Subsidiary Body for Implementation, at its seventeenth session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its eighth session:

**Draft decision -/CP.8**

**Review of the financial mechanism**

*The Conference of the Parties,*

*Recalling* Article 4, paragraph 3, and Article 11, paragraph 4, of the Convention,

*Recalling also* its decisions 9/CP.1, 11/CP.2, 12/CP.2, 13/CP.2, 11/CP.3, 12/CP.3 and 3/CP.4,

*Noting* the review process on the effectiveness of the financial mechanism, undertaken by the Subsidiary Body for Implementation at its seventeenth session, in accordance with the criteria contained in the annex to decision 3/CP.4,

*Noting also* the synthesis report prepared by the secretariat on the review of the financial mechanism,<sup>1</sup> the report of the Global Environment Facility to the Conference of the Parties at its eighth session,<sup>2</sup> and the Second Overall Performance Study of the Global Environment Facility,

*Noting further* that the Global Environment Facility has effectively performed its role as an entity operating the financial mechanism of the Convention,

*Welcoming* the successful and substantial third replenishment of the Global Environment Facility Trust Fund,

*Welcoming also* the Beijing Declaration of the Second Assembly of the Global Environment Facility,

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<sup>1</sup> FCCC/SBI/2002/14.

<sup>2</sup> FCCC/CP/2002/4.

1. *Requests* the Global Environment Facility to report to the Conference of the Parties at its ninth session on progress in the implementation of its plan of action developed in response to the recommendations of the Second Overall Performance Study of the Global Environment Facility, and also on how it has taken into consideration the recommendations of the second review of the effectiveness of the financial mechanism by the Conference of the Parties;

2. *Requests* the Global Environment Facility secretariat, in consultation with the Convention secretariat to initiate a dialogue in order to implement more effectively the guidance provided by the Conference of the Parties to the Global Environment Facility as an entity operating the financial mechanism, drawing upon the experience gained and lessons learned from the projects and programmes funded by the Global Environment Facility, and to explore opportunities for streamlining guidance, and to report on the outcome of this dialogue in its report to the Conference of the Parties at its tenth session;

3. *Requests* the Convention secretariat, in consultation with the secretariat of the Global Environment Facility, to prepare for consideration by the Subsidiary Body for Implementation at its twentieth session a report on the implementation of decisions 12/CP.2 and 12/CP.3 in accordance with Article 11, on the determination of funding necessary and available for the implementation of the Convention;

4. *Invites* the Global Environment Facility:

(a) To review, in cooperation with the implementing and executing agencies as well as national focal points, its project cycle, with a view to making it simpler and more efficient, taking into account the lessons learned and the findings of the Global Environment Facility Monitoring and Evaluation Unit;

(b) To continue its efforts to increase the administrative efficiency and cost effectiveness of its operations in line with the recommendations of the Second Overall Performance Study of the Global Environment Facility and the Beijing Declaration;

(c) To continue to make the concept of agreed incremental costs and global benefits more understandable, recognizing that the process for determining incremental costs should be transparent, flexible and pragmatic, consistent with the Beijing Declaration;

(d) To strengthen efforts to promote consistency of Global Environment Facility activities with national priorities and to integrate them into national planning frameworks, such as national sustainable development strategies and poverty reduction strategies;

5. *Requests* the Subsidiary Body for Implementation to initiate the third review of the financial mechanism at its twenty-first session in accordance with the criteria contained in the guidelines annexed to decision 3/CP.4, or as they may be subsequently amended, and to take appropriate measures and report on the outcome to the Conference of the Parties at its twelfth session.

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