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SUBSIDIARY BODY FOR IMPLEMENTATION

Seventeenth session

New Delhi, 23–29 October 2002

Agenda item 5 (a)

**FINANCIAL MECHANISM**

**REPORT OF THE GLOBAL ENVIRONMENT FACILITY**

**Draft conclusions proposed by the Chair**

1. The Subsidiary Body for Implementation (SBI) took note of the report of the Global Environment Facility (GEF) contained in document FCCC/CP/2002/4. The report includes information on how the GEF has applied the guidance and decisions of the Conference of the Parties, in accordance with the Memorandum of Understanding between the Conference of the Parties and the Council of the GEF annexed to decision 12/CP.2.
2. The SBI noted with satisfaction the successful and substantial third replenishment of the GEF Trust Fund and called upon countries and other entities that are in a position to do so to make additional contributions to the GEF.
3. The SBI welcomed the Beijing Declaration adopted at the second GEF Assembly, which noted that the GEF had produced significant results in effectively using resources for global environmental protection and sustainable development.
4. The SBI noted the efforts made by the GEF, as an operating entity of the financial mechanism, in providing useful information on the implementation of relevant COP decisions, and welcomed the efforts made by the GEF in funding the activities relating to phase II of enabling activities in developing countries.
5. The SBI noted that the GEF had provided information on the arrangements necessary for the establishment and administration of the two new funds under the Convention (the Special Climate Change Fund and the Least Developed Countries Fund), in accordance with decision 7/CP.7. In relation to the Least Developed Countries Fund, the SBI noted with appreciation that the GEF Council had approved arrangements for the operation of the fund, and the GEF secretariat had acted quickly to mobilize resources based on an assessment of the financing needs and had convened consultations with potential donors at which resources had been successfully raised.
6. The SBI welcomed the progress made by the GEF in addressing the responsiveness and efficiency of the project cycle. However, the SBI noted that there were still areas where concerns had

been expressed by developing country Parties, particularly with regard to the progress made in funding the activities relating to the framework for capacity-building in developing countries (decision 2/CP.7); the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention (decision 4/CP.7); adaptation and other issues in accordance with decision 5/CP.7 and the preparation of second national communications (decisions 2/CP.4 and 8/CP.5), as well as other issues contained in decision 6/CP.7.

7. The SBI noted that, as reflected in the Beijing Declaration of the second GEF Assembly, the GEF should enhance its strategic business planning for the allocation of scarce GEF resources to high-priority areas for developing country Parties, taking into account national priorities.

8. The SBI recommended that the Conference of the Parties invite the GEF to include in its report to the Conference of the Parties at its ninth session, more detailed information on how the GEF has applied the guidance on funding activities relating to decisions of the Conference of the Parties, as indicated in paragraphs 5 and 6 above.

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