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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR IMPLEMENTATION

Seventeenth session

New Delhi, 23–29 October 2002

Item 5 (c) of the provisional agenda

FINANCIAL MECHANISM

REVIEW OF THE FINANCIAL MECHANISM

Compilation of submissions on the review of the financial mechanism

Addendum

1. In addition to the submissions already received (see FCCC/SBI/2002/MISC.2), a submission has been received from Canada.
2. In accordance with the procedure for miscellaneous documents, this submission* is attached and is reproduced in the language in which it was received and without formal editing.

* This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

**SUBMISSION OF CANADA ON THE REVIEW OF
THE FINANCIAL MECHANISM
19 JULY 2001**

The Subsidiary Body for Implementation (SBI) has been requested to consider initiating action towards the review of the financial mechanism by the eighth session of the Conference of Parties (COP 8) and to provide the Secretariat with guidance on how it should facilitate the review process.

Canada understands that the objective of the review is to assess how the financial mechanism has conformed with the provisions of Article 11 of the Convention (on the Financial Mechanism) and with guidance of the COP. The assessment would include an evaluation of (a) the effectiveness of the activities funded by the financial mechanism in implementing the Convention, (b) the effectiveness of the financial mechanism in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the attainment of the ultimate objective of the Convention (Article 2), and (c) the effectiveness of the financial mechanism in providing resources to developing country Parties with respect to national communications and related activities under Article 4.3 of the Convention. Canada would like to reinforce the view that the terms of reference for the review should be appropriate to the function and role of the GEF.

Canada supports the GEF as the operating entity of the financial mechanism of the UNFCCC. Canada supports continued improvement of the efficiency and effectiveness of GEF operations, and is particularly interested in promoting appropriate access to the climate change funds. However, this concern must be balanced with appropriate accountability measures.

Canada supports a review of the financial mechanism as stipulated by the COP decision to undertake such a review every four years. Moreover, Canada supports the overall objective of such a review together with the three aforementioned principle components of such an evaluation.

Canada supports the proposition that the SBI prepare for the review of the financial mechanism by the eighth session of the Conference of Parties and provide the Secretariat with guidance on how it should facilitate the review process. In addition to reviewing the terms of reference (TORs) for the UNFCCC review of the GEF, the SBI should, at the same time, consider the results from other reviews of the GEF such as the GEF Second Overall Performance Study. This could avoid unnecessary duplication and assist in the preparation of useful TORs that build on, rather than duplicate other processes.

Canada is concerned about the potential for overlap and duplication with other reviews of the GEF completed by the COP of the United Nations Convention on Biological Diversity (UNCBD) and by the GEF itself, in its Second Overall Performance Study, as well as the policy recommendations for the Third Replenishment. Therefore, Canada recommends that the Secretariat examine these other TOR and amend as required, for approval by the SBI.

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