



FCCC/WEB/2002/6

13 August 2002

FINANCIAL MECHANISM

REVIEW OF THE FINANCIAL MECHANISM

Submission from non-governmental organizations

1. At its sixteenth session, the Subsidiary Body for Implementation initiated the process for the review of the financial mechanism, and invited Parties and intergovernmental and non-governmental organizations to provide, by 8 July 2002, information on their experience regarding the effectiveness of the financial mechanism, in accordance with the criteria set out in the guidelines contained in the annex to decision 3/CP.4 (See FCCC/SBI/2002/6, para#23 (d)).
2. Further to the above, the secretariat has received a submission from the Climate Action Network . This submission is attached and reproduced in the language in which it was received and without formal editing.

CLIMATE ACTION NETWORK (CAN)

Submission on review of the financial mechanism

The GEF has been given a mandate to assist developing countries shift to cleaner, more sustainable energy systems. The GEF appears to be most successful in promoting energy efficiency, but has not experienced as much success in promoting renewable energy technologies. While continuing to promote project types with a proven track record, the GEF must find ways to improve the success of renewable energy projects, which in the long run, hold the greatest prospects for transforming to a clean, non-carbon energy system. The GEF must also find ways to increase public involvement and education with an emphasis on establishing the links between global, national and local benefits. It must improve the functioning of national focal points, including through training and capacity building, better in-country communication, community-driven project identification and initiation, and overall accountability. In addition, the GEF must expand its efforts to assist developing country adaptation, working closely with existing disaster relief agencies while developing new models that can anticipate and mitigate climate change impacts rather than simply respond to them once they occur.

Specific Recommendations:

- Track implemented projects more closely to identify successes, which should be replicated, and failures, which should not be repeated without appropriate modifications.
- Emphasize projects that have local and national benefits, as well as global ones.
- Promoting renewable energy is an important function of the GEF, so initial failures should lead the GEF to try new approaches. The GEF may need to focus on transforming the fiscal and regulatory environment, educating power plant owners and managers, and putting in place power purchase agreements, before committing to new projects.
- Once commitments are made to fund projects, disbursements must be timely to avoid increased costs and loss of focus.
- The GEF must develop better methodologies for identifying funding priorities. Projects should be selected systematically, rather than on an ad hoc or first-come-first-served basis, with an emphasis on local needs and abilities.
- Publicize successful projects to build support amongst other agencies and public and private institutions and encourage further development of clean energy by outside agencies and the private sector.
- Review the incremental costs concept and do not apply to adaptation projects as they do not fit the "global benefit" benchmark.
- Coordinate pilot adaptation projects with disaster relief agencies and learn from their experiences. Focus on preparation and mitigation of impacts, to lessen the need for costly response measures.
- Allow agencies that are normally involved in humanitarian relief to become implementing agencies.
- Insure new and additional funding, as promised in Bonn and Marrakesh, for example by working closely with the OECD Committee for Development Cooperation.
- Provide additional support to national focal points. This could include extensive training sessions, seconding GEF staff to focal point offices, and promoting staff exchanges between focal points.

Improve methods for providing information to, and promoting participation of, stakeholders and the public.
