



Global Environment Facility

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RELATIONS WITH CONVENTIONS

INTRODUCTION

1. This document reports on developments of interest to the GEF within the context of the Convention on Biological Diversity and the UN Framework Convention on climate Change that have occurred since the GEF council meeting in October 1998. The document also includes information on developments in the UN Convention to Combat Desertification and negotiations concerning certain organic pollutants that might be of interest to the Council.

CONVENTION ON BIOLOGICAL DIVERSITY

Follow-up to Decision IV/13 of the fourth meeting of the Conference of the Parties to the Convention on Biological Diversity.

2. At its last meeting, the Council considered document GEF/C.12/12, which reported on the decisions of the fourth meeting of the Conference of Parties to the Convention on Biological Diversity. Decision IV/13, entitled, *Additional guidance to the financial mechanism*, lists the additional policy, strategy, program priorities or eligibility criteria to be followed by the GEF as the financial mechanism of the Convention. The decision noted that the guidance approved at the fourth meeting of the Conference of the Parties is additional to the guidance approved at the first, second and third meetings of the Conference of the Parties. The decision also affirms the overarching principle that the GEF is to provide financial resources to developing countries for country driven activities and programmes, consistent with national priorities and objectives.

3. The GEF will fully integrate into its existing operational modalities (operational programs, enabling activities and [short-term response measures](#)) the guidance of the fourth meeting of the Conference of the Parties ~~STRM~~ as described in this note.

4. Some of the program priorities identified in the guidance are directly related to specific GEF Operational Programs, such as inland waters and forest biological diversity, while others, such as alien species, taxonomy, clearing-house mechanism, national reports, incentive measures, and benefit sharing, are cross-cutting priorities relevant to all four biodiversity operational programs. Annex 1 summarizes the operational framework for developing specific projects consistent with the additional guidance.

5. In response to the additional guidance, the GEF Implementing Agencies are inviting and supporting country driven [proposals](#) that further the priorities approved by the Conference of the Parties. The Secretariat will amend the implementation plan for each Operational Program as necessary to ensure that program management and project review support the priorities identified in Decision IV/13. More detailed responses to the priorities identified in the decision are presented in Annex 1 to this document. The GEF will also [use as fully as possible the existing Operational Program framework to address cross-cutting priorities. Experience to date shows that this framework is sufficiently flexible to address these priorities](#) as illustrated by the fact that there are a number of projects and ideas [addressing cross-cutting priorities](#) already in the GEF portfolio; for example, in [taxonomy \(Costa Rica's biological resources project, and Southern Africa SABONET project\)](#) and [alien species \(South Africa's Cape Peninsula conservation project, and a project in the Galapagos in Ecuador under preparation\)](#).

6. If for a particular program priority it is found that there is no appropriate operational framework, it is possible under short-term response measures to develop a project idea addressing the specific policy or programmatic priority. The Operational Strategy identifies specific criteria for selection of short-term response measures in the biodiversity focal area, including likelihood of success, cost-effectiveness, and demonstration value. Once experience is gained through the short-term response measure, consideration can be given to developing a more programmatic approach.

7. If needed, the Secretariat will also seek STAP's involvement in operationalizing Convention guidance by requesting its strategic scientific and technical advice as the need arises. Secretariat GEF policy work will also be focused on better defining operational responses to the priorities identified in the appropriate, include relevant issues as needed

8. The Secretariat and the Implementing Agencies, in consultation with the Convention Secretariat, will continue to collaborate on the further elaboration of a strategic and focused operational response to the guidance of the Conference of the Parties and will report their progress to the Council.

Biodiversity Enabling Activities: Revised Operational Criteria

9. At its second meeting, the Conference of the Parties commended the guidance in the WRI/IUCN/UNEP National Planning Guidelines and UNEPs' Biodiversity Country Studies Guidelines and its relevance in assisting Parties to implement Article 6 of the Convention¹. WRI/IUCN/UNEP guidelines were the result of lessons learnt of earlier planning processes and the product of extensive consultation with many stakeholders throughout the world. They provide a comprehensive methodological approach to address all operational articles of the Convention and a set of tools that planner can use to develop broad national biodiversity strategies and action plans that integrate biodiversity activities into all relevant sector of the economy. They also provide a step by step process to complete these tasks. In using these guidelines and the corresponding GEF support available for these activities, countries should be able to provide a comprehensive national biodiversity strategy and its corresponding action plan. If gaps are identified, the action plan could include these as a priority first step in implementing the proposed strategy. To further assist countries in preparing biodiversity strategies and action plans, a global support project was approved by the Council in June 1998.

10. In preparing its operational guidance for the biodiversity expedited enabling activities, the GEF, consistent with the guidance of the Convention, called for parties to act in accordance with the WRI/IUCN/UNEP guidelines. Most countries had already been involved, or were planning, a number of capacity building and planning exercises, including the preparation of national development plans, national environmental action plans, national sustainable development strategies as well as national conservation strategies and sectoral plans for biological resources (e.g., Tropical Forestry Action Plans). The Operational Strategy² recognized this fact and recommended synergy and coordination among such initiatives within recipient countries.

¹ Include pertinent reference.

² GEF Operational Strategy, page 21, last paragraph.

11. At the time of the third meeting of the Parties, guidance to the GEF included new priorities for capacity building. The GEF approached the new capacity building program priorities by providing for a modality by which new resources and activities could be added to the on-going enabling activity projects. It was hoped that these new activities would strengthen efforts to undertake a [comprehensive planning exercise, as recommended in the WRI/TUCN/UNEP guidelines](#). Apart from the Clearing-house Mechanism module, however, cost norms were not developed for any of the possible “add-ons”, [since the WRI/TUCN/UNEP guidelines](#) were deemed [sufficiently comprehensive to take into account the new priorities, and to the best of our knowledge no project has so far been prepared by the IAs to fund these additional priorities](#).

12. Again at the fourth meeting, the Conference of the Parties identified additional capacity building priorities to be undertaken through the financial mechanism. The GEF continues to expect that the enabling activities will result in [comprehensive planning exercise](#) in each of the countries receiving GEF. In addition, the GEF is proposing a strategic partnership with UNDP, (see paragraphs 26-27 below and document GEF/C.13/9), to better assess the needs for capacity building in both the biodiversity and climate focal areas in a comprehensive and more targeted fashion. The proposed Partnership would allow for a comprehensive review of the range of capacity building needs as the basis for agreement on modalities for delivering GEF assistance beyond the current enabling activities.

13. In the short term, pending the completion of the study, it is proposed that the Council authorize the CEO to continue to use the expedited procedures for enabling activities to undertake some additional capacity building for planning and initial assessment consistent with the new guidance of the fourth meeting of the Conference of the Parties. It is recommended that the CEO be authorized to approve revisions to on-going enabling activity projects up to a total of \$450,000 per country (i.e., the present level of funding of \$350,000 plus an additional \$100,000 for a total of \$450,000). In revising the on-going projects, the recipient country would be able to select activities to address its priority needs from among those identified by the Conference of the Parties. The expectation is that this should be undertaken through a comprehensive approach to the planning process, including pertinent sectoral integration as appropriate. In addition, as recommended by the Operational Strategy³ if further capacity building is needed to implement agreed activities, this will be undertaken within the context of operational programs. Cost effectiveness of enabling activities is key. While it is recognized that these resources are unlikely to adequately address all capacity building needs, they should be sufficient to allow countries to move forward with planning and initial assessment for their priority concerns while the proposed capacity building initiative better identifies effective means to move forward on the crucial issue of effectively building capacity in recipient countries. Furthermore, it must be emphasized that most GEF projects include capacity building components and activities that directly respond to the country’s highest priority needs and target capacity building outputs related to specific objectives identified in the project.

³ [GEF Operational Strategy, page 22, first paragraph.](#)

14. To implement this short-term activity, it would be necessary to:
 - a. to revise the Operational Criteria to address the new capacity building priorities;
 - b. to agree on cost norms for the new “add-ons”;
 - c. to ensure with countries that any additional funding will assist them to complete a comprehensive planning cycle, including all pertinent sectoral integration.

Biosafety Protocol

15. The GEF has followed with interest the negotiations towards a Biosafety Protocol under the Convention on Biological Diversity. A Protocol is expected to be finalized before the next Conference of the Parties to the Convention, scheduled for May 2000. According to the current negotiating text of the Protocol, the GEF would be expected to play a significant role in capacity building with regard to biosafety. It will be recalled that UNEP is already managing a GEF-financed pilot project on biosafety the objective of which is to assess the types of needs that recipient countries might have in this area.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

16. At the fourth session of the Conference of the Parties to the UNFCCC in Buenos Aires, the Parties decided that the GEF “shall be an entity entrusted with the operation of the financial mechanism” provided for in Article 11 of the Convention.⁴ The Parties further agreed to review the financial mechanism every four years on the basis of agreed criteria and guidelines (see Annex 2).

17. In addition to confirming the status of the GEF as an entity charged with operation of the financial mechanism, the Parties provided additional guidance to the GEF.⁵ This decision has been included as an Annex 2. In brief, the GEF is requested to provide funding to:

- a. Support Stage II adaptation response measures in particularly vulnerable countries and regions identified in Stage I activities, in the context of their national communications;
- b. Enable developing countries to identify their prioritized technology needs, and to access information available from technology centers;
- c. Build capacity for participation in systematic observational networks to reduce scientific uncertainties related to climate change;
- d. Maintain and enhance national capacity to prepare initial and second national communications, based on gaps and problems identified in previous national communications and guidelines to be established by the Conference of the Parties;

⁴ Decision 3/CP.4, “Review of the Financial Mechanism”.

⁵ Decision 2/CP.4, “Additional guidance to the operating entity of the financial mechanism”.

- e. Assist national activities for public awareness and education on climate change and response measures; and
- f. Support capacity building related to the assessment and absorption of technology, including capacity to formulate and manage projects

18. Recognizing the continued and strong emphasis on capacity building, the GEF believes that it is timely to assess such needs in a comprehensive and targeted fashion. A new initiative, implemented through a strategic partnership with UNDP, is proposed to focus on capacity building needs (see paragraphs 26-27 below and document GEF/C.13/9). The proposed partnership would allow for a comprehensive review of the range of capacity building needs in order to facilitate modalities for delivering GEF assistance. This is consistent with the Parties' decision, which refers to the need to take into account "experiences, including gaps and problems identified in previous national communications."

19. While the Parties recognized past efforts to streamline the project cycle and otherwise improve operation of its programs, the GEF is also instructed to take further steps to streamline its project cycle; simplify and expedite procedures for project approval; and make the process for determination of incremental costs more transparent. The GEF is already engaged in reviewing these issues and will report on its recent progress in a separate note on incremental costs (document GEF/C.13/7).

20. Reflecting the diverse issues and objectives raised by the guidance of the Conference of the Parties, the GEF proposes to respond through several strategies, using a combination of existing and new ones as appropriate. As most countries have yet to submit their national communications, many of the potential needs identified in the guidance cannot be evaluated either generically or as individual national priorities. An evaluation of climate enabling activities will be undertaken by the GEF Monitoring & Evaluation unit later this year and will provide some relevant baseline information.

21. Several approved GEF programs provide an effective starting point for responding to the identified needs:

- a. the support requested for project development is addressed by the program of country dialogue workshops;
- b. the need for enhanced national capacity to prepare national communications is addressed by the national communications support program approved last year as a UNDP/UNEP project and will also benefit from the planned monitoring and evaluation review of enabling activities;
- c. support for public awareness and education is included within enabling activities and individual projects, and will be further addressed by the country dialogue workshops.

In addition, GEF climate projects typically incorporate training, institutional support and other capacity building components.

22. The need for increased capacity related to the assessment and absorption of technology, including the ability to formulate and manage projects, is closely related to the objectives of the Renewable Energy Partnership proposed as a strategic partnership with the World Bank/IFC, and discussed in the Strategic Partnerships paper (GEF/C.13/9). The proposed UNDP strategic partnership on capacity building will also focus on ways to more effectively respond to this need.

23. The need for assistance to countries to access technology information programs comes within the proposed strategic partnership with UNEP. As described in the Strategic Partnerships paper, UNEP would be invited to submit proposals for clearinghouse activities that might include information related to climate-friendly technologies.

24. GEF support for capacity for participation in systematic observational networks is available on a limited basis through the targeted research modality. However, the GEF will consider additional country-driven proposals to address this need in cooperation with appropriate international organizations.

25. Funding for Stage II adaptation measures will be available in the context of second national communications, taking into account preparatory adaptation measures and the results of Stage I activities consistent with guidance of the Conference of the Parties. In making available such resources, the GEF will follow guidance to be provided by the Conference of the Parties on subsequent national communications.

CAPACITY BUILDING: A STRATEGIC INITIATIVE TO BE UNDERTAKEN IN PARTNERSHIP WITH UNDP

266. It is widely recognized that there is a significant need for capacity building in recipient countries. This is a common theme in both conventions for which the GEF serves as the financial mechanism as evidenced by the increasing requests for GEF assistance to finance capacity building activities. What is not certain is the most effective, efficient and sustainable way to respond to these growing requests. To date, efforts have focused on revisions to the GEF operational criteria for enabling activities [and Operational Programs](#) to accommodate new guidance from the Conference of the Parties. Yet there is an increasing concern that this approach is unsustainable in the medium term and that it will not result in the most meaningful and effective response at the country level. In addition, there is a need to capitalize on the complementarity of GEF's capacity building activities and those financed by other entities, including the Implementing Agencies.

277. Therefore, it is proposed that [UNDP and](#) the Secretariat, in collaboration with the [other](#) Implementing Agencies, the Convention Secretariats and STAP, ~~initiate~~[undertake](#) a comprehensive study of capacity building needs and best approaches and good practices for responding to such needs. The study would draw on the experiences of the GEF [family](#) through its enabling activities (including the on-going evaluation of enabling activities as well as evaluations of relevant GEF-financed projects) [and Operational Programs](#), as well as the

experiences of other bilateral and multilateral institutions, which are contributing towards capacity building. The study would seek to elaborate on the purposes for which capacity building is required, develop strategic, conceptual frameworks for the focal areas, and identify good practices and project design for building such capacity in a sustainable and cost-effective manner. This is key as capacity building efforts are typically a very long-term endeavor which should lead to tangible products. The study would aim at providing both the GEF Council and the Conferences of the Parties information on capacity building needs and priorities as well as an effective and pragmatic approach to capacity building. For more information on the modalities for this proposed partnership, see document GEF/C.13/9.

UN CONVENTION TO COMBAT DESERTIFICATION

28. The second meeting of the Conference of the Parties to the UN Convention to Combat Desertification was held in Dakar, Senegal, from November 27 to December 10, 1998. The CEO of the GEF addressed the plenary of the Conference. A number of outreach activities were organized during the Conference, including a GEF workshop on land degradation, the display of the GEF exhibit, and a STAP brainstorming session on land degradation. In its decision 18/COP.2 on the Global Mechanism, the Parties invited the GEF, together with relevant institutions, programs and bodies of the United Nations system, to actively support the activities of the Global Mechanism (see annex 3 of this document for the text of the decision). The GEF regularly participates in the meetings of the Facilitation Committee of the Global Mechanism of the Convention.

29. Collaboration is continuing between the CCD Secretariat and the GEF Secretariat on efforts to better define the linkages between land degradation and the GEF focal areas. A STAP workshop to be organized in May will provide an important input into this work. A joint paper should be presented to the Council for review at its meeting in December 1999.

SECOND MEETING OF THE INTERNATIONAL NEGOTIATING COMMITTEE (INC) FOR AN INTERNATIONAL LEGALLY BINDING INSTRUMENT FOR IMPLEMENTING INTERNATIONAL ACTION ON CERTAIN ORGANIC POLLUTANTS- NAIROBI, JANUARY 25-29, 1999.

30. During this second meeting, the negotiations achieved substantial progress. The draft text of the Instrument was presented by the INC Secretariat (UNEP), and discussions on the text made significant advances and will continue through the next meetings. A report was also presented to the Plenary Session on the advancements being made by the relevant Subsidiary Body on the definition of science based criteria and a procedure for identifying additional persistent organic pollutants as candidates for international action. The Subsidiary Body on Implementation Aspects met for the first time and concentrated on the possible needs for technical and financial assistance.

31. At this stage of the negotiations, agreement has been reached on the immediate ban of production and use of four out of the twelve substances under consideration. Further discussions will be needed in order to define the ultimate goals and procedures for the phasing out of the remaining substances. On the implementation aspects, while all parties recognized the need for

both technical and financial assistance to developing countries and countries with economies in transition, no conclusion was reached on modalities

32. As anticipated, the GEF made a statement during the opening plenary session, expressing its commitment to addressing the global environmental threats posed by persistent toxic substances. The growing portfolio of demonstration projects on global contaminants, developed according to the provisions of Operational Program 10 of the International Waters focal area during 1998, was also described. The GEF statement concluded by confirming that it stood ready to serve as the financial mechanism of the future legal instrument, should that be the decision of the negotiating Governments. It was also noted that for GEF to go beyond demonstration efforts and enabling activities, additional resources would be required to assist countries to address the full scope of obligations that might emerge under the future legal instrument.

33. GEF will continue to follow the negotiating process until its expected conclusion in November 2000. A close collaboration has been developed with UNEP on the subject of global contaminants and the need to address of recipient countries for demonstration projects and regional assessments. This will ensure that, while the objectives set under Operational Program 10 are being fully met, experience and strategic knowledge is developed within the GEF, should the need arise for expanded and systematic actions.

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ANNEX I

RESPONSE TO GUIDANCE FROM THE FOURTH MEETING OF THE CONFERENCE OF THE PARTIES TO THE CONVENTION ON BIOLOGICAL DIVERSITY

1. In response to decision IV/13 of the fourth meeting of the Conference of the Parties to the Convention on Biological Diversity, projects consistent with national priorities and objectives will be supported for the following program priorities:
 - a. **alien species:**⁶ the GEF Operational Programs currently provide for control of alien, invasive species. This will continue, and in adopting a precautionary approach to the subject, activities targeting prevention through risk-averse strategies will be eligible. An ecosystemic approach undertaken at the appropriate (national, regional or sub-regional) level of intervention will be encouraged. Innovative ideas to test prevention/control of alien species may be supported through short-term response measures to test their viability.
 - b. **taxonomy:**⁷ the opportunity for a country to request a module for capacity building in taxonomy has already been included in the Operational Criteria for Enabling Activities. An allocation will be agreed under the enabling activities cost norms to implement this module for those countries that consider this activity as a priority in their National Biodiversity Strategy and Action Plan and are ready to address the issue. Within projects, support will be made available to countries interested in participating in the Global Taxonomy Initiative in the context of the GEF Operational Programs. If further capacity building is needed, this may also be undertaken through projects developed under the GEF Operational Programs.
 - c. **inland waters:**⁸ the objective of the GEF Operational Program on conservation and sustainable use of the biological resources in coastal, marine and freshwater ecosystems includes specific reference to developing project activities concerning biodiversity of lakes, rivers and wetlands. Issues concerning inland waters will continue to receive special attention. GEF projects target threat removal, sectoral integration and institutional strengthening as key outputs. In this context, GEF will provide support for projects which help countries to develop (through the existing enabling activity framework) and implement (through the operational programs framework) national, sectoral and cross-sectoral plans for the conservation and sustainable use of biodiversity of specific inland waters. Strategic thinking to more

⁶ Decision IV/13 paragraph 1: (The GEF should) provide adequate and timely support for country-driven projects at national, regional and sub-regional levels addressing the issue of alien species in accordance with Decision IV/1 C.

⁷ Decision IV/13 paragraph 2: (The GEF should) provide financial resources for country driven activities within the context of its operational programs to participate in the Global Taxonomy Initiative which take into account as appropriate, elements of the Suggestion for Action contained in the annex to Decision IV/1 D.

⁸ Decision IV/13 paragraph 3: (The GEF should) within the context of implementing national biological diversity strategies and action plans, provide adequate and timely support to eligible projects which help Parties to develop and implement national, sectoral and cross-sectoral plans for the conservation and sustainable use of biological diversity of inland water ecosystems in accordance with Decision IV/4.

closely define the inter-linkages and synergism between the biodiversity and international waters focal areas will be undertaken as appropriate.

- d. **forest issues:**⁹ The GEF will provide financial support for activities that address forest biological diversity. For initial assessment and planning purposes, the Operational Criteria on Enabling Activities will be revised to provide an opportunity for countries to request resources to support capacity building related to forest biological diversity. If further capacity building is needed, this may be undertaken through projects developed under the forest Operational Program at the appropriate level of intervention. The Forest Operational Program will be interpreted to address the guidance provided by the Conference of the Parties. STAP is providing strategic advice on issues related to sustainable use of forest biodiversity.
- e. **clearing-house mechanism:**¹⁰ capacity-building needs assessments and the initial set-up of the Country CHM focal point is being completed through the enabling activity framework. If further capacity building is needed, this may be undertaken through projects developed under the relevant Operational Program. Additional activities in support of the CHM will be carried out in the framework of country-driven, national priority projects at the appropriate level of intervention through the operational programs or short-term response measures. The experience of the GEF in implementing the CHM's pilot phase will be evaluated and this evaluation will provide the basis to consider additional efforts needed to meet increased Parties interests;
- f. **national reports:**¹¹ the GEF is carrying out a study of its support for enabling activities and a review of national reports submitted by Parties. This study and review would provide information on constraints and needs to further define GEF support in this area.

⁹ Decision IV/13 paragraph 4: (The GEF should) in accordance with Decision IV/7 and with Article 7 of the Convention and also within the context of implementing national biological diversity strategies and plans, provide adequate and timely financial support to Parties for projects and capacity building activities for implementing the programme of work of forest biological diversity at the national, regional, and sub-regional levels and the use of the clearing-house mechanism to include activities that contribute to halting and addressing deforestation, basic assessment and monitoring of forest biological diversity, including taxonomic studies and inventories, focusing on forest species, other important components of forest biological diversity and ecosystems under threat.

¹⁰ [Decision IV/13 paragraph 5: \(The GEF should\) \(a\) support capacity-building activities and country-driven projects focused on priority areas, as critical components in the implementation of the clearing-house mechanism at the national, subregional, biogeographic, and regional levels, both during and after the pilot phase; \(b\) provide, as appropriate, increased support, in the framework of country-driven projects to promote the objectives of the Convention, to establish and strengthen biodiversity information systems, such as, *inter alia*, training, technologies and processes related to the collection, organization, maintenance and updating of data and information and its communication to users through the clearing-house mechanism; \(c\) evaluate at the end of the clearing-house mechanism pilot phase the experience of the Global Environment Facility's support for developing countries' activities, to consider additional efforts to meet the increasing interest in taking part in and having access to the clearing-house mechanism, including in regional networking, and to report to the Conference of the Parties prior to the next meeting of the Subsidiary Body on Scientific, Technical and Technological Advice.](#)

¹¹ [\(The GEF should\) continue to provide financial assistance for the preparation of national reports, having regard to the constraints and needs identified by Parties in their first national reports, in accordance with decision IV/14.](#)

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- g. **incentive measures:**¹² the issue of incentive measures is cross cutting. Incentive measures represent an important tool to promote project success and sustainability through reducing project risks. Within conservation and sustainable use projects, the design and implementation of incentive measures, as appropriate, can be supported.
- h. **access and benefit sharing:**¹³ (i) enabling activities criteria will be modified to provide an opportunity to request financing for stock taking activities related to access and benefit sharing; and (ii) within the context of biodiversity projects or through short-term response measures, the GEF will provide support for specific benefit sharing initiatives as described in the decision including additional capacity building measures for the formulation of access and benefit-sharing mechanisms at the appropriate level of intervention, such as policy, regulatory and institutional frameworks on mechanisms to facilitate access to genetic resources and benefit sharing.

¹² Decision IV/13 paragraph- 7: (The GEF should) provide adequate and timely support for the design and approaches relevant to the implementation of incentive measures, including where necessary, assessment of biological diversity of the relevant ecosystems, capacity building necessary for the design and implementation of incentive measures and the development of appropriate legal and policy frameworks, and project with components that provide for these incentives, in accordance with Decision IV/10.

¹³ Decision IV/13 paragraph- 8: (The GEF should) in accordance with decision IV/8, provide support for: (a) stock taking activities, such as, for example, assessments of current legislative, administrative and policy measures on access to genetic resources and benefit-sharing, evaluation of the strengths and weaknesses of a country's institutional and human capacity, and promotion of consensus-building among its different stakeholders; (b) formulation of access and benefit-sharing mechanisms at the national, subregional and regional levels, including monitoring, assessment and incentive measures; (c) capacity-building on measures on access to genetic resources and sharing of benefits, including capacity-building on economic valuation of genetic resources; (d) within biodiversity projects, other specific benefit-sharing initiatives such as support for entrepreneurial developments by local and indigenous communities, facilitation of financial sustainability of projects promoting the sustainable use of genetic resources, and appropriate targeted research components.

ANNEX 2

DECISIONS OF THE FOURTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE OF RELEVANCE TO THE GEF¹⁴

Decision 2/CP.4. Additional guidance to the operating entity of the financial mechanism

The Conference of the Parties,

Recalling its decisions 11/CP.1, 10/CP.2, 11/CP.2 and 12/CP.2,

Recalling further that the Global Environment Facility (GEF), as stated in its operational principles for the development and implementation of its work programme, will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities,

Welcoming the New Delhi Statement of the First GEF Assembly and the Report on the Second Replenishment of the GEF Trust Fund, completed in March 1998,

Noting the continued concerns and difficulties encountered by developing country Parties with the availability and disbursement of financial resources, including for the transfer of technology, the problems arising from the GEF project cycle, the application of the concept of incremental costs, and the availability of resources through the GEF implementing/executing agencies,

Noting also the current and ongoing efforts of the GEF to address these concerns, inter alia, by streamlining its project cycle, increasing support for country-level coordination, strengthening its monitoring and evaluation programme, ensuring that its activities are country-driven and consistent with national priorities and objectives, further developing its resource allocation strategy to maximize the effectiveness of its climate change activities and making the process of determining incremental costs more transparent and pragmatic,

Noting further the need to examine and address climate change impacts and minimize the adverse impacts, in particular for the Parties identified in Article 4.8 of the United Nations Framework Convention on Climate Change,

1. Decides that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF should provide funding to developing country Parties to:

- a. Implement adaptation response measures under Article 4.1 of the Convention for adaptation activities envisaged in decision 11/CP.1, paragraph 1(d)(ii) (Stage II activities) in particularly vulnerable countries and regions identified in Stage I

¹⁴ To see all decisions of the Conference of the Parties, see *Report of the Conference of the Parties on its Fourth Session, held at Buenos Aires from 2 to 13 November, 1998, Part Two: Action taken by the Conference of the Parties at its Fourth Session, document FCCC/CP/1998/16/add.1*

activities, and especially in countries vulnerable to climate-related natural disasters, taking into account their preparatory adaptation planning frameworks in priority sectors, the completion of Stage I activities, and in the context of their national communications;

- b. Enable them, in light of their social and economic conditions and taking into account state-of-the-art environmentally sound technologies, to identify and submit to the Conference of the Parties their prioritized technology needs, especially as concerns key technologies needed in particular sectors of their national economies conducive to addressing climate change and minimizing its adverse effects;
- c. Build capacity for participation in systematic observational networks to reduce scientific uncertainties relating to the causes, effects, magnitude and timing of climate change, in accordance with Article 5 of the Convention;
- d. Meet the agreed full costs of preparing initial and subsequent national communications, in accordance with Articles 4.3 and 12.5 of the Convention and decision 11/CP.2, paragraph 1(d), by maintaining and enhancing relevant national capacity, so as to prepare the initial and second national communications which will take into account experiences, including gaps and problems identified in previous national communications, and guidelines established by the Conference of the Parties. Guidance on subsequent national communications will be provided by the Conference of the Parties;
- e. Assist them with studies leading to the preparation of national programmes to address climate change, compatible with national plans for sustainable development, in accordance with Article 4.1(b) of the Convention and paragraph 13 of the annex to decision 10/CP.2;
- f. Assist in developing, strengthening and/or improving national activities for public awareness and education on climate change and response measures, in full accordance with Article 6 of the Convention and decision 11/CP.1, paragraph 1(b)(iii), and taking into account, where appropriate, relevant GEF operational programmes;
- g. Support capacity-building for:
 - (i) The assessment of technology needs to fulfil the commitments of developing countries under the Convention, the identification of sources and suppliers of these technologies, and the determination of modalities for the acquisition and absorption thereof;
 - (ii) Country-driven activities and projects to enable Parties not included in Annex I to the Convention (non-Annex I Parties) to design, evaluate and manage these projects;

- (iii) Strengthening the capacity of non-Annex I Parties to host projects, including from project formulation and development to their implementation;
- (iv) Facilitating national/regional access to the information provided by international centres and networks, and for working with those centres for the dissemination of information, information services, and transfer of environmentally sound technologies and know-how in support of the Convention;

2. Requests the GEF to continue to provide, and developing country Parties to avail themselves of, funding to translate, reproduce, disseminate and make available their initial national communications electronically;

3. Encourages the GEF to:

- a. Further streamline its project cycle with a view to making project preparation simpler, less prescriptive, more transparent and country-driven;
- b. Further simplify and expedite its procedures for the approval and implementation of GEF-funded projects, including disbursements for such projects;
- c. Make the process for the determination of incremental costs more transparent, and its application more pragmatic;

4. Requests the GEF to ensure that its implementing/executing agencies are made aware of Convention provisions and decisions adopted by the Conference of the Parties in the performance of their GEF obligations and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation;

5. Further requests the GEF to include in its report to the Conference of the Parties the specific steps it has undertaken to implement the provisions of this decision.

8th plenary meeting
14 November 1998

Decision 3/CP.4. Review of the financial mechanism

The Conference of the Parties,

Recalling its decisions 9/CP.1, 11/CP.2, 12/CP.2 and 11/CP.3,

Taking note of the study of the overall performance of the restructured Global Environment Facility,

1. Decides that the restructured Global Environment Facility shall be an entity entrusted with the operation of the financial mechanism referred to in Article 11 of the United Nations Framework Convention on Climate Change;
2. Decides also, in accordance with Article 11.4 of the Convention, to review the financial mechanism every four years, on the basis of the guidelines as contained in the annex to this decision or as they may subsequently be amended, and to take appropriate measures.

8th plenary meeting
14 November 1998

ANNEX

GUIDELINES FOR THE REVIEW OF THE FINANCIAL MECHANISM

A. OBJECTIVES

In accordance with Article 11.4 of the Convention, the objectives will be to review the financial mechanism and take appropriate measures regarding:

- (a) Its conformity with the provisions of Article 11 of the Convention;
- (b) Its conformity with the guidance of the Conference of the Parties;
- (c) The effectiveness of the activities it funds in implementing the Convention;
- (d) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the Conference of the Parties;
- (e) Its effectiveness in providing resources to developing country Parties under Article 4.3 of the Convention.

B. Methodology

The review shall draw upon the following sources of information:

- a. Information provided by the Parties on their experiences regarding the financial mechanism;
- b. Annual reviews by the Conference of the Parties on the conformity of the activities of the financial mechanism with its guidance;
- c. The annual report of the Global Environment Facility (GEF) to the Conference of the Parties on its activities as the operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
- d. Reports from the GEF monitoring and evaluation programme;
- e. Reports from the United Nations Commission on Sustainable Development and relevant bilateral and multilateral funding institutions;
- f. Relevant information provided by other intergovernmental and non-governmental organizations.

C. Criteria

The effectiveness of the financial mechanism will be assessed taking into account the following:

- a. The transparency of decision-making processes;
- b. The adequacy, predictability and timely disbursement of funds for activities in developing country Parties;
- c. The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
- d. The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects;
- e. The amount of finance leveraged;
- f. The sustainability of funded projects.

Decision 12/CP.4. Initial national communications from Parties not included in Annex I to the Convention

The Conference of the Parties,

Recalling the relevant provisions of the United Nations Framework Convention on Climate Change, in particular Articles 4.1 and 10.2 (a) and Article 12.1, 12.4, 12.5, 12.6 and 12.7 thereof,

Recalling also its decisions on first communications from Parties not included in Annex I to the Convention (non-Annex I Parties), in particular decisions 10/CP.2 and 11/CP.2,

Noting that, in accordance with Article 12.5 of the Convention, each non-Annex I Party shall make its initial communication within three years of entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4.3 of the Convention, and that Parties that are least developed may make their initial communications at their discretion,

Noting further the differentiated timetable for the submission of initial national communications from non-Annex I Parties,

Having considered that from its first session, in accordance with Article 12.7 of the Convention, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under that Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4 of the Convention, and having also considered Article 12.4 of the Convention,

1. Decides:

- a. To consider the information communicated by non-Annex I Parties in assessing the overall aggregated effect of the steps taken by the Parties, pursuant to Article 10.2(a) of the Convention;
- b. That communications from non-Annex I Parties shall be considered in a facilitative, non-confrontational, open and transparent manner;
- c. That, pursuant to decision 10/CP.2, the national and regional development priorities, objectives and circumstances of non-Annex I Parties should, in accordance with Article 4.1 of the Convention and the provisions of Article 3 and Article 4.3, 4.4, 4.5, 4.7, 4.8, 4.9 and 4.10 of the Convention, be taken into account by the Conference of the Parties in considering matters related to their initial communications;
- d. To ensure that issues and concerns identified by non-Annex I Parties in their initial communications are brought to the attention of the Global Environment Facility (GEF) and, through it, as appropriate, its implementing agencies when undertaking the comprehensive review of enabling activities projects;

2. Requests the subsidiary bodies to consider issues raised in the first compilation and synthesis report of communications from non-Annex I Parties at their eleventh sessions under relevant items of their agendas;
3. Requests the Subsidiary Body for Implementation, at its eleventh session, to consider the information communicated by non-Annex I Parties in assessing the overall aggregated effect of the steps taken by Parties;
4. Requests the Subsidiary Body for Scientific and Technological Advice to prepare scientific assessments of the overall aggregated effects of measures taken, in accordance with Article 9.2 (b) of the Convention;
5. Decides to continue to address the consideration of communications from non-Annex I Parties at its fifth session, with a view to taking a further decision on this matter;
6. Requests Parties to submit their views to the secretariat by 31 March 1999 on the consideration of communications from non-Annex I Parties, as well as the timing of second national communications, taking into account Article 12.5 of the Convention, for consideration by the Subsidiary Body for Implementation at its tenth session.
7. Requests the secretariat:
 - a. To further facilitate assistance to developing country Parties, on request, in the compilation and communication of information required, in accordance with Article 8.2 (c) of the Convention;
 - b. To compile and synthesize the information provided in initial national communications from non-Annex I Parties, as indicated in decision 10/CP.2, and in so doing to report on the problems encountered in the use of guidelines for the preparation of initial communications by non-Annex I Parties, and on other issues communicated by non-Annex I Parties, with a view, among other things, to further enhancing the comparability and focus of the communications;
 - c. To prepare the first compilation and synthesis report of communications from non-Annex I Parties based on submissions received from Parties by 1 June 1999 and make that report available to the subsidiary bodies at their eleventh sessions and to the Conference of the Parties at its fifth session;
 - d. To compile and make available to Parties a list of projects submitted by non-Annex I Parties in accordance with Article 12.4 of the Convention;
 - e. To compile and make available to the Subsidiary Body for Implementation a report containing views and concerns identified by non-Annex I Parties, and to ensure that such views are taken into account in the GEF review of enabling activities on climate change;

8th plenary meeting
14 November 1998

**DECISIONS OF THE SECOND SESSION OF THE CONFERENCE OF THE PARTIES TO THE UN
CONVENTION TO COMBAT DESERTIFICATION¹⁵**

DECISION 18/COP 2. GLOBAL MECHANISM

The Conference of the Parties,

Recalling its decisions 24/COP.1 and 25/COP.1 on the organization to house the Global Mechanism and agreement on its modalities, and on collaborative institutional arrangements in support of the Global Mechanism, respectively,

Taking note of the reports of the secretariat and of the International Fund for Agricultural Development as the organization housing the Global Mechanism and the joint report of the International Fund for Agricultural Development, the United Nations Development Programme and the World Bank and of the draft memorandum of understanding with the International Fund for Agricultural Development as the organization housing the International Fund for Agricultural Development/Global Mechanism,

Having considered the report of the Managing Director of the Global Mechanism and the report of the current chair of the Facilitation Committee,

1. Notes with concern that the Global Mechanism did not begin operating on 1 January 1998, as indicated by the Conference of the Parties at its first session in its decision 24/COP.1;
2. Notes with appreciation the role played by the United Nations Development Programme in identifying and selecting the Managing Director of the Global Mechanism in consultation with, and his appointment by, the President of the International Fund for Agricultural Development;
3. Also notes with appreciation the efforts made by the International Fund for Agricultural Development to establish the framework for the separate identity of the Global Mechanism within the International Fund for Agricultural Development as an organic part of the structure of the Fund, and looks forward to a prompt starting of its activities, in conformity with the provisions of the Convention and relevant decisions of the Conference of the Parties;

¹⁵ To see other decisions of the Conference of the Parties on its Second Session, held in Dakar from 30 November to 11 December 1998, *Report of the Conference of the Parties on its Second Session, held in Dakar from 30 November to 11 December 1999, Part Two: Action taken by the Conference of the Parties at its Second Session, document ICCD/COP (2)/14/Add.1*

4. Further notes with appreciation the role of the Facilitation Committee with its expanded membership in supporting the work of the Global Mechanism and looks forward to the Committee's continued support;
5. Invites the International Fund for Agricultural Development to pursue modalities of collaboration between itself and the community of non-governmental organizations, as well as collaboration with other interested organizations, including the private sector, and to submit a report to the Conference of the Parties at its third session;
6. Requests the Global Mechanism to establish an ongoing process for consultation and collaboration with non-governmental organizations as well as with the private sector, and to submit a report to the Conference of the Parties at its third session for consideration and to take appropriate actions;
7. Requests also the Global Mechanism and the Convention secretariat to cooperate in order to avoid duplication and to enhance the effectiveness of the Convention implementation in accordance with their respective roles as contained in the draft memorandum of understanding;
8. Invites the International Fund for Agricultural Development, the United Nations Development Programme, the World Bank and, as appropriate, the other members of the Facilitation Committee to nominate focal points for the purpose of liaison with the Global Mechanism;
9. Invites relevant institutions, programmes and bodies of the United Nations system, in particular the United Nations Development Programme, the World Bank, the Food and Agriculture Organization of the United Nations, the Global Environment Facility, the United Nations Environment Programme and the World Food Programme, intergovernmental, regional and subregional organizations and regional development banks, as well as all other interested organizations, including non-governmental organizations and the private sector, to actively support the activities of the Global Mechanism;
10. Takes note with appreciation of the financial support already provided on a voluntary basis by some country Parties, and reiterates its appeal to Governments, all interested organizations and the private sector to make promptly further voluntary contributions to support the activities and, as appropriate, in addition to the core budget, to support the functioning of the Global Mechanism;
11. Takes note of the first draft of an operational strategy and requests the Managing Director of the Global Mechanism to complete the development of an operational strategy, so as to ensure full consideration of all its main functions including mobilizing and channelling of financial resources as contained in its decision 24/COP.1;
12. Decides to undertake, at its third session, in accordance with article 21, paragraph 7, of the Convention, the first review of the policies, operational modalities and activities of the Global Mechanism and, on the basis of this review, consider and take appropriate action.